VERMONT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ending JUNE 30, 2015

STATE OF VERMONT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ending JUNE 30, 2015

Peter Shumlin
Governor

Prepared by the Department of Finance and Management

STATE OF VERMONT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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VERMONT

State of Vermont *Agency of Administration*
Department of Finance & Management
109 State Street, Pavilion Building [phone] 802-828-2376
Montpelier, VT 05620-0401 [fax] 802-828-2428

LETTER OF TRANSMITTAL

To the Honorable Peter Shumlin, Governor,
The Honorable Phil Scott, Lieutenant Governor,
Chairs of House Committees on Appropriations, Institutions and Ways and Means,
Senate Committees on Appropriations, Finance and Institutions, and
The Citizens of the State of Vermont:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the State of Vermont for the fiscal year ended June 30, 2015. The Department of Finance and Management prepared this report as required by Title 32, Vermont Statutes Annotated, Section 182(a)(8). By issuing this report by December 31, 2015, the Department has met the State statutorily required issuance date. The Department prepared these financial statements and assumes responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, the Department has established a comprehensive internal control framework that is designed to protect the State's assets from loss, theft, or misuse and to compile sufficient reliable information for the presentation of this report in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Because the cost of internal controls should not outweigh their benefits, Vermont's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free of material misstatement. I believe that the accompanying financial statements are accurate and fairly stated in all material respects, and presented in a manner designed to fairly report the State of Vermont's financial position, results of operations and changes in net position/ fund balances.

I would like to direct your attention toward two important items contained in this CAFR. The first item is the Management Discussion and Analysis (MD&A) that follows the Independent Auditors' Report. This analysis is designed to give you, the reader, an overview of the State's financial position, described in understandable terms, in order to help you better understand the results of operations of your state government. Secondly, I would like to direct your attention to the Basic Financial Statements (BFS) which follow the MD&A. The BFS were prepared in conformity with GAAP as prescribed by the GASB. The BFS contain government-wide statements that present the State's financial activities in a manner similar to that of a private corporation; fund statements that report governmental, proprietary, fiduciary fund financial activity; discretely presented component unit financial activity; and note disclosures that explain and enhance the basic financial statements.

In addition to the MD&A and BFS, this CAFR includes a Required Supplementary Information (RSI) section, an Other Supplementary Information section, and a Statistical section. The RSI section contains various schedules relating to the State's defined benefit pension and other postemployment benefits plans, and Budget to Actual comparison schedules for the State's general and major special revenue funds with Notes reconciling budgetary fund balance to the governmental funds GAAP fund balance. The Other Supplementary Information section contains combining fund financial statements for the State's Non-major Governmental, Proprietary, and

Fiduciary Funds, and for the State's Non-major discretely presented Component Units. The Statistical section presents data relating to financial trends, revenue and debt capacity, and demographic and operating information about the State of Vermont. It should be noted that the information contained in the MD&A, RSI and Statistical sections is unaudited.

This CAFR includes the funds and entities for which the State is accountable based on GASB's criteria for defining the financial reporting entity. The criteria include fiscal dependence, financial accountability and legal standing. Please refer to Note I, for more information regarding the reporting entity and the component units.

State Profile

Vermont, known as the Green Mountain State, was first settled by the French in 1666, then by the English in 1690, and joined the Union as the fourteenth State in 1791. Rural in character, the state measures 9,249 square miles of land area, and, as of September 30, 2015, had an estimated population of 626,562. The State capital is Montpelier, and the largest city is Burlington. As of calendar year 2012, 94.4% of Vermonters aged 25 or older are at least high school graduates (ranked number 2 in the country) while 37.1% have at least a college bachelor's degree (ranked number 6 in the country).

The State Constitution provides for three traditional branches of Government – the Legislative, the Executive, and the Judicial. The Legislative branch is comprised of the House of Representatives (150 members) and the Senate (30 members); all are elected for two-year terms. The Executive branch includes six elected officers – the Governor, Lieutenant Governor, Treasurer, Secretary of State, Auditor of Accounts, and the Attorney General – all elected for two year terms, without term limitations. The Governor is responsible for the faithful execution of all laws and the management of the departments and agencies of the Executive Branch – including the agencies of Administration; Transportation; Natural Resources; Commerce and Community Development; Agriculture, Food and Markets; and Human Services, as well as other departments – through which the functions of the State government are carried out. The Judicial branch of the State is made up of a Supreme and Superior Courts, and the Judicial Bureau. The judges are appointed by the Governor with the advice and consent of the Senate, and serve six-year terms.

Budget Adoption and Legal Compliance/Budgetary Results

The Required Supplementary Information section includes Budget to Actual comparison schedules for the General Fund and the five budgeted special revenue funds. The State's budgeting process is described in the Notes to the Budget to Actual comparison schedules. These schedules present each fund's original budget, final budget, actual expenditures incurred on a budgetary basis, and the variance between the final budget and actual expenditures incurred. As the adopted budget provides legal control over spending, expenditures cannot exceed amounts appropriated under Vermont law. Budgetary control is exercised by fund within appropriation.

The General Fund

The General Fund accounts for all revenues and other receipts that are not required by law to be accounted for or deposited in other funds as well as the expenditures associated with these revenues. In fiscal year 2015, General Fund tax revenues accounted for 97.2% of total General Fund revenues. The three principal tax revenue contributors – the personal income tax, the General Fund's portion of the sales and use tax, and the meals and room tax – accounted for 80.8% of General Fund total tax revenues or approximately 78.6% of total General Fund revenues. General Fund expenditures used 59.5% of the

total revenues, and these expenditures occurred in the following major governmental functional categories: General Government, Protection to Persons and Property, Human Services, Labor, General Education, Natural Resources, and Commerce and Community Development. The majority of the remainder of the resources provided from the 2015 General Fund revenues were transferred out to other funds and used for various purposes. Please see Note IV.D. for a summary of these transfers.

Economic Condition

The consensus revenue forecast for fiscal year 2015 was revised twice during the fiscal year as the economic and revenue environment began to stabilize. During fiscal year 2015, the Vermont economy continued a slow and sometimes uneven recovery with the modest upgrade in the consensus revenue forecast in July 2014, followed by a slight downward revision in January for the balance of fiscal year 2015. Actual year end revenue collections in the General Fund exceeded both the initial and the final consensus forecast target.

The consensus economic forecast for the Vermont economy reflects the difficulties experienced nation-wide. Despite another mid-Winter stall in output growth and consumption, the U.S. economy continues to make forward progress. As of this Summer, the economy once again seems poised to move onto a higher growth plane over the first half of fiscal year 2016. Progress is also being made on other areas of the labor market. There has been a significant decline in the number of workers that are among the ranks of the long-term unemployed, and there also has been a decline in the number of part-time workers who would otherwise prefer to be working full-time. The Consumer Confidence Index (CCI) increased 6.8 points during the month of June. Existing home prices appreciated steadily on a year-over-year basis during the 3-month period of February through April of calendar year 2015. Looking ahead, the U.S. economic landscape looks to be favorable for future improvement overall.

Recent developments regarding the Vermont economy continue to exhibit an “up and down” character. Seasonally adjusted payroll job changes in the State over the first half of calendar year 2015 continued to experience this now well-established “saw-toothed pattern”. Vermont has made modest forward progress in its labor markets by adding 4,000 private sector jobs (and a total of 4,200 payroll jobs including the government sector). Improvements in job change are most significant in the leisure and hospitality sector, the education and health services sector, and the construction sector. Housing prices have increased by 2.7% for the four quarters ending with March, 2015.

With these factors in mind, the most recent consensus revenue forecast has moved back to a more upside orientation than the forecast issued in January 2015. For fiscal year 2015, data show that three of the State’s major tax components (personal income tax , corporation income tax and meals and rooms tax) tracked well ahead of their respective targets. As a result, forecasts for General Fund revenues for fiscal year 2016 were revised upward by $40.2 million (or 2.9%) from the January 2015 forecast due to improved tax receipts; forecasts for the Transportation Fund were reduced by $0.8 million (or 0.3%) due to sluggish gas tax receipts due to weaker than anticipated gasoline prices; and forecasts for the Education Fund were increased by $1.6 million (or 0.8%) based on current trends in the taxes that support this fund.

Long-term Financial Planning

As part of the State’s long term financial planning, the Legislature created a Capital Debt Affordability Advisory Committee who is required to present to the Governor and General Assembly, no later than September 30 of each year, a recommendation as to the maximum amount of net tax-supported debt that the State may prudently issue for the ensuing fiscal year and which complies with the State’s triple-A

debt rating guidelines. The recommendation is calculated and presented in accordance with certain debt affordability guidelines and other matters that may be relevant to the proposed debt to be authorized.

At its September 2015 meeting the Committee made the recommendation to maintain the current authorization not to exceed $144 million for the 2016-2017 fiscal year biennium. This represents a 9.9% reduction from the previous biennium's recommendation of $159.9 million. This, coupled with a $11.6 million premium in the State's recent bond sale that is being used to fund capital projects, provides a total capacity of $155.6 million.

Independent Audit of These Financial Statements

KPMG LLP, an independent certified public accounting firm, performed an independent audit of the State's basic financial statements for the fiscal year ended June 30, 2015. The auditors have issued unmodified opinions, the most favorable outcome of the audit process. The audit described in the auditors' report is not intended to meet all requirements of the Federal Single Audit Act of 1996. Rather, the Single Audit Report for the State is issued under separate cover.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Vermont for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the seventh year that Vermont has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report involved the dedicated work of staff in the Department of Finance and Management, the Office of the State Treasurer, the Office of the Auditor of Accounts, and the support of all State agencies, departments, component units, the Legislature, and the Judiciary. We welcome inquiries concerning this report and the finances of the State of Vermont.

Sincerely,

Andrew Pallito
Commissioner

December 29, 2015

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

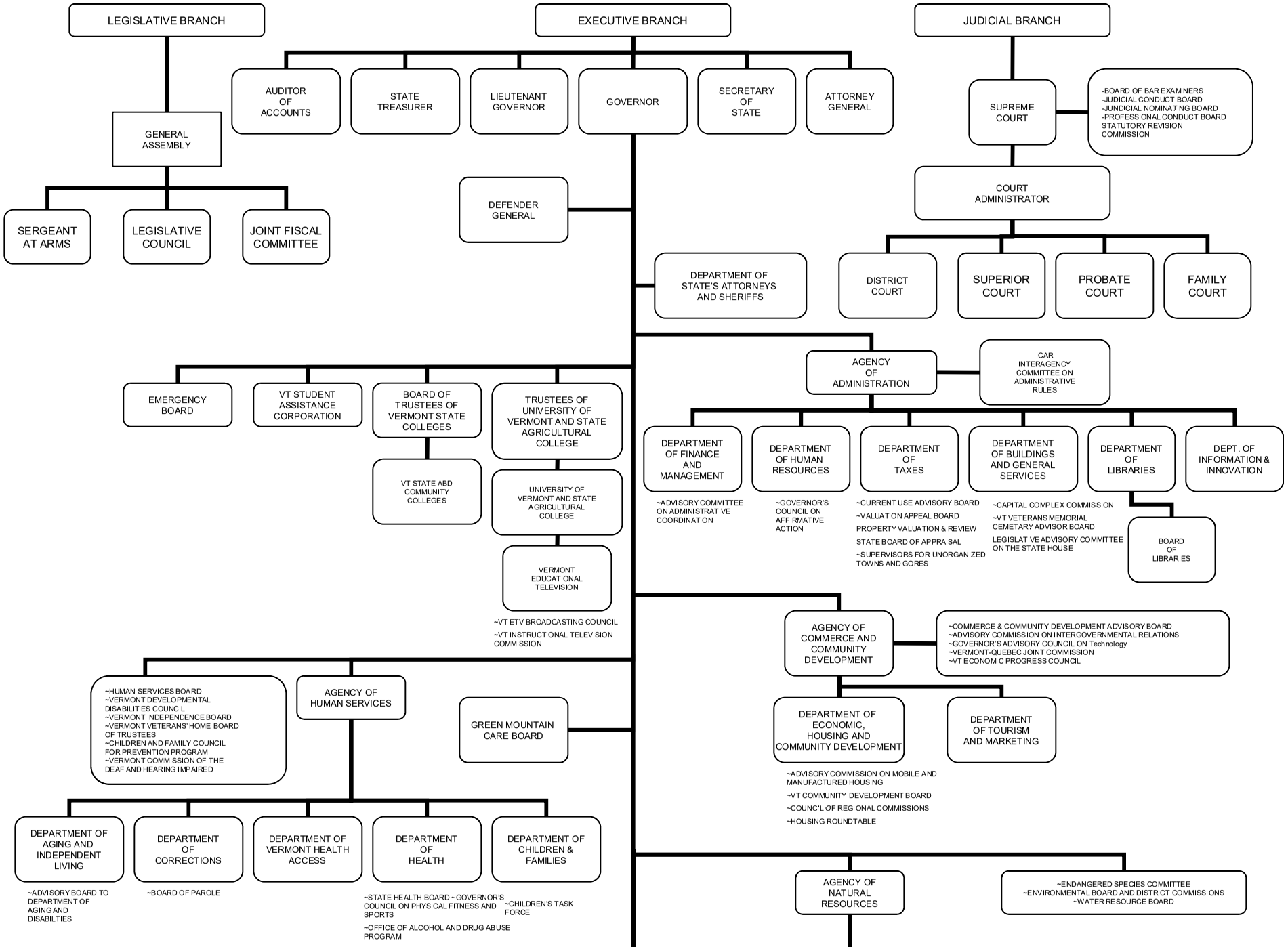
Presented to

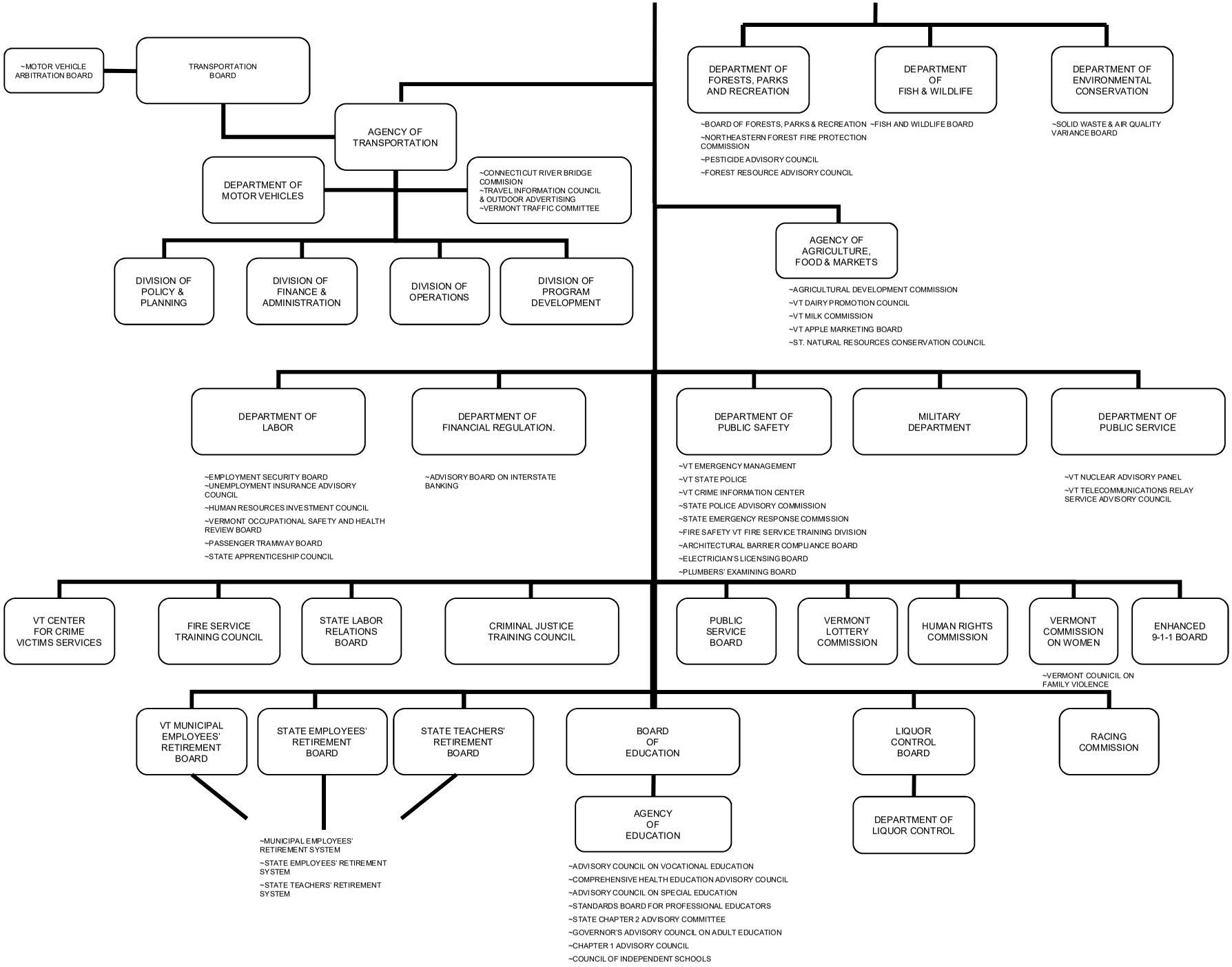
State of Vermont

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO


LEGISLATIVE BRANCH
EXECUTIVE BRANCH
JUDICIAL BRANCH
GENERAL ASSEMBLY
SERGEANT AT ARMS
LEGISLATIVE COUNCIL
JOINT FISCAL COMMITTEE
AUDITOR OF ACCOUNTS
STATE TREASURER
LIEUTENANT GOVERNOR
GOVERNOR
SECRETARY OF STATE
ATTORNEY GENERAL
DEFENDER GENERAL
DEPARTMENT OF STATE'S ATTORNEYS AND SHERIFFS
SUPREME COURT
-BOARD OF BAR EXAMINERS
-JUDICIAL CONDUCT BOARD
-JUNDICIAL NOMINATING BOARD
-PROFESSIONAL CONDUCT BOARD
STATUTORY REVISION COMMISSION
COURT ADMINISTRATOR
DISTRICT COURT
SUPERIOR COURT
PROBATE COURT
FAMILY COURT
EMERGENCY BOARD
VT STUDENT ASSISTANCE CORPORATION
BOARD OF TRUSTEES OF VERMONT STATE COLLEGES
VT STATE ABD COMMUNITY COLLEGES
TRUSTEES OF UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE
UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE
VERMONT EDUCATIONAL TELEVISION
~VT ETV BROADCASTING COUNCIL
~VT INSTRUCTIONAL TELEVISION COMMISSION
AGENCY OF ADMINISTRATION
ICAR INTERAGENCY COMMITTEE ON ADMINISTRATIVE RULES
DEPARTMENT OF FINANCE AND MANAGEMENT
~ADVISORY COMMITTEE ON ADMINISTRATIVE COORDINATION
DEPARTMENT OF HUMAN RESOURCES
~GOVERNOR'S COUNCIL ON AFFIRMATIVE ACTION
DEPARTMENT OF TAXES
~CURRENT USE ADVISORY BOARD
~VALUATION APPEAL BOARD
PROPERTY VALUATION & REVIEW
STATE BOARD OF APPRAISAL
~SUPERVISORS FOR UNORGANIZED TOWNS AND GORES
DEPARTMENT OF BUILDINGS AND GENERAL SERVICES
~CAPITAL COMPLEX COMMISSION
~VT VETERANS MEMORIAL CEMETARY ADVISOR BOARD
LEGISLATIVE ADVISORY COMMITTEE ON THE STATE HOUSE
DEPARTMENT OF LIBRARIES
BOARD OF LIBRARIES
DEPT. OF INFORMATION & INNOVATION
AGENCY OF COMMERCE AND COMMUNITY DEVELOPMENT
~COMMERCE & COMMUNITY DEVELOPMENT ADVISORY BOARD
~ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS
~GOVERNOR'S ADVISORY COUNCIL ON Technology
~VERMONT-QUEBEC JOINT COMMISSION
~VT ECONOMIC PROGRESS COUNCIL
DEPARTMENT OF ECONOMIC, HOUSING AND COMMUNITY DEVELOPMENT
~ADVISORY COMMISSION ON MOBILE AND MANUFACTURED HOUSING
~VT COMMUNITY DEVELOPMENT BOARD
~COUNCIL OF REGIONAL COMMISSIONS
~HOUSING ROUNDTABLE
DEPARTMENT OF TOURISM AND MARKETING
~HUMAN SERVICES BOARD
~VERMONT DEVELOPMENTAL DISABILITIES COUNCIL
~VERMONT INDEPENDENCE BOARD
~VERMONT VETERANS' HOME BOARD OF TRUSTEES
~CHILDREN AND FAMILY COUNCIL FOR PREVENTION PROGRAM
~VERMONT COMMISSION OF THE DEAF AND HEARING IMPAIRED
AGENCY OF HUMAN SERVICES
GREEN MOUNTAIN CARE BOARD
DEPARTMENT OF AGING AND INDEPENDENT LIVING
~ADVISORY BOARD TO DEPARTMENT OF AGING AND DISABILTIES
DEPARTMENT OF CORRECTIONS
~BOARD OF PAROLE
DEPARTMENT OF VERMONT HEALTH ACCESS
DEPARTMENT OF HEALTH
~STATE HEALTH BOARD
~GOVERNOR'S COUNCIL ON PHYSICAL FITNESS AND SPORTS
~OFFICE OF ALCOHOL AND DRUG ABUSE PROGRAM
DEPARTMENT OF CHILDREN & FAMILIES
~CHILDREN'S TASK FORCE
AGENCY OF NATURAL RESOURCES
~ENDANGERED SPECIES COMMITTEE
~ENVIRONMENTAL BOARD AND DISTRICT COMMISSIONS
~WATER RESOURCE BOARD


~MOTOR VEHICLE ARBITRATION BOARD
TRANSPORTATION BOARD
AGENCY OF TRANSPORTATION
DEPARTMENT OF MOTOR VEHICLES
~CONNECTICUT RIVER BRIDGE COMMISION
~TRAVEL INFORMATION COUNCIL & OUTDOOR ADVERTISING
~VERMONT TRAFFIC COMMITTEE
DIVISION OF POLICY & PLANNING
DIVISION OF FINANCE & ADMINISTRATION
DIVISION OF OPERATIONS
DIVISION OF PROGRAM DEVELOPMENT
DEPARTMENT OF FORESTS, PARKS AND RECREATION
DEPARTMENT OF FISH & WILDLIFE
DEPARTMENT OF ENVIRONMENTAL CONSERVATION
~BOARD OF FORESTS, PARKS & RECREATION
~NORTHEASTERN FOREST FIRE PROTECTION COMMISSION
~PESTICIDE ADVISORY COUNCIL
~FOREST RESOURCE ADVISORY COUNCIL
~FISH AND WILDLIFE BOARD
~SOLID WASTE & AIR QUALITY VARIANCE BOARD
AGENCY OF AGRICULTURE, FOOD & MARKETS
~AGRICULTURAL DEVELOPMENT COMMISSION
~VT DAIRY PROMOTION COUNCIL
~VT MILK COMMISSION
~VT APPLE MARKETING BOARD
~ST. NATURAL RESOURCES CONSERVATION COUNCIL
DEPARTMENT OF LABOR
DEPARTMENT OF FINANCIAL REGULATION.
~EMPLOYMENT SECURITY BOARD
~UNEMPLOYMENT INSURANCE ADVISORY COUNCIL
~HUMAN RESOURCES INVESTMENT COUNCIL
~VERMONT OCCUPATIONAL SAFETY AND HEALTH REVIEW BOARD
~PASSENGER TRAMWAY BOARD
~STATE APPRENTICESHIP COUNCIL
~ADVISORY BOARD ON INTERSTATE BANKING
DEPARTMENT OF PUBLIC SAFETY
MILITARY DEPARTMENT
DEPARTMENT OF PUBLIC SERVICE
~VT EMERGENCY MANAGEMENT
~VT STATE POLICE
~VT CRIME INFORMATION CENTER
~STATE POLICE ADVISORY COMMISSION
~STATE EMERGENCY RESPONSE COMMISSION
~FIRE SAFETY VT FIRE SERVICE TRAINING DIVISION
~ARCHITECTURAL BARRIER COMPLIANCE BOARD
~ELECTRICIAN'S LICENSING BOARD
~PLUMBERS' EXAMINING BOARD
~VT NUCLEAR ADVISORY PANEL
~VT TELECOMMUNICATIONS RELAY SERVICE ADVISORY COUNCIL
VT CENTER FOR CRIME VICTIMS SERVICES
FIRE SERVICE TRAINING COUNCIL
STATE LABOR RELATIONS BOARD
CRIMINAL JUSTICE TRAINING COUNCIL
PUBLIC SERVICE BOARD
VERMONT LOTTERY COMMISSION
HUMAN RIGHTS COMMISSION
VERMONT COMMISSION ON WOMEN
ENHANCED 9-1-1 BOARD
~VERMONT COUNICIL ON FAMILY VIOLENCE
VT MUNICIPAL EMPLOYEES' RETIREMENT BOARD
STATE EMPLOYEES' RETIREMENT BOARD
STATE TEACHERS' RETIREMENT BOARD
~MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
~STATE EMPLOYEES' RETIREMENT SYSTEM
~STATE TEACHERS' RETIREMENT SYSTEM
BOARD OF EDUCATION
AGENCY OF EDUCATION
~ADVISORY COUNCIL ON VOCATIONAL EDUCATION
~COMPREHENSIVE HEALTH EDUCATION ADVISORY COUNCIL
~ADVISORY COUNCIL ON SPECIAL EDUCATION
~STANDARDS BOARD FOR PROFESSIONAL EDUCATORS
~STATE CHAPTER 2 ADVISORY COMMITTEE
~GOVERNOR'S ADVISORY COUNCIL ON ADULT EDUCATION
~CHAPTER 1 ADVISORY COUNCIL
~COUNCIL OF INDEPENDENT SCHOOLS
LIQUOR CONTROL BOARD
DEPARTMENT OF LIQUOR CONTROL
RACING COMMISSION

SELECTED STATE OFFICIALS
As of June 30, 2015

EXECUTIVE

Peter Shumlin
Governor

Phil Scott
Lieutenant Governor

James C. Condos
Secretary of State

William H. Sorrell
Attorney General

Douglas R. Hoffer
Auditor of Accounts

Elizabeth Pearce
State Treasurer

JUDICIAL

Paul L. Reiber
Chief Justice

LEGISLATIVE

John F. Campbell
President Pro Tempore of the State Senate
(30 Senators)

Shap Smith
Speaker of the House of Representatives
(150 Representatives)

FINANCIAL SECTION

KPMG LLP
Suite 400
356 Mountain View Drive
Colchester, VT 05446

Independent Auditors' Report

The Speaker of the House of Representatives,
President Pro-Tempore of the Senate
And the Governor of the State of Vermont:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Vermont (the State), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain discretely presented component units identified in Note IA. We also did not audit the financial statements of the Vermont Lottery Commission, the Special Environmental Revolving Fund, the Vermont Energy Efficiency Utility Fund, the Vermont Universal Service Fund, or the Tri-State Lotto Commission. The discretely presented component units identified in Note IA represent 94% of the total assets and 99% of the total revenues of the aggregate discretely presented component units. The Vermont Lottery Commission represents 100% of the total assets and total revenues of the Vermont Lottery Commission Fund and 3% of the total assets and 34% of the total revenues of the business-type activities. The Special Environmental Revolving Fund represents 64% of the total assets and 4% of the total revenues of the Federal Revenue Fund; the Vermont Energy Efficiency Utility Fund and the Vermont Universal Service Fund collectively represent 9% of the total assets and 12% of the total revenues of the Special Fund; and collectively represent 8% of the total assets and 2% of the total revenues of the governmental activities. The Tri-State Lotto Commission represents 100% of the information disclosed in Note VE. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the discretely presented component units, the Vermont Lottery Commission, the business-type activities, the Special Environmental Revolving Fund, the Vermont Energy Efficiency Utility Fund, the Vermont Universal Service Fund, governmental activities and the Tri-State Lotto Commission are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Vermont as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As disclosed in Note VF to the financial statements, during the year, the State adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and required supplementary information, as listed in the table of contents (collectively referred to as RSI), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The Introduction, Other Supplementary Information-Combining and Individual Fund Statements and Schedules and the Statistical Section listed in the

accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information-Combining and Individual Fund Statements and Schedules is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the Other Supplementary Information-Combining and Individual Fund Statements and Schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introduction and Statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2015 on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

KPMG LLP

Colchester, Vermont
December 29, 2015

Vt. Reg. No. 92-0000241

INTRODUCTION

We are pleased to present this analysis and discussion of Vermont's financial performance for the fiscal year ending June 30, 2015. This Management Discussion & Analysis (MD&A) section is intended to serve as an introduction to the State's basic financial statements, which have the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The MD&A is designed to assist the reader in focusing on significant financial matters, provide an easily readable overview of the State's financial activities, identify any material changes from the original budget, and highlight financial matters that occurred during fiscal year 2015. The following presentation is by necessity highly summarized, and in order to gain a thorough understanding of the State's financial condition, the following financial statements, notes and required supplementary information should be reviewed in their entirety.

FINANCIAL HIGHLIGHTS

Government-wide

- Vermont reported net position of $971 million, comprised of $4.311 billion in total assets and $137 million in deferred outflows offset by $3.295 billion in total liabilities and $182 million in deferred inflows at June 30, 2015 (Table 2). Of this net position amount, $2.187 billion represents the net investment in capital assets, $831.1 million is restricted for various purposes, and $2.047 billion represents a deficit unrestricted net position. The reasons for the negative unrestricted net position are discussed in the Government-wide Financial Analysis below.

- The primary government's net position has increased by $224.2 million as a result of this year's operations. The net position for governmental activities increased $150.5 million and net position for business activities increased by $73.7 million (Table 3). The increase in net position for business activities was primarily due to improvements in the financial position of the Unemployment Compensation Trust Fund.

Fund level

- The State's governmental funds reported a combined ending fund balance of $933.5 million, an increase of $25.6 million or 2.8 percent above last year. Of this ending fund balance $113.7 million is in nonspendable form, $605.0 million is restricted for specific purposes, and $214.7 million is available for spending (committed, assigned, and unassigned fund balance). The increase in ending fund balance is primarily attributable to increases in fund balances of the General Fund ($7.9 million), Education Fund ($11.4 million), Federal Revenue Fund ($22.3 million) and Global Commitment Fund ($12.5 million), offset by decreases in fund balances of the Special Fund ($20.5 million) and Capital Projects Funds ($7.7 million).

- The State's enterprise funds reported a combined net position of $227.7 million or an increase of $73.7 million over last year.

- The State's General Fund reported an operating surplus this year of $7.9 million which increased the accumulated fund balance to $133.0 million, of which $106.3 million is nonspendable.

Capital assets

- The carrying amount of capital assets for the primary government increased to $2,540.6 million, an increase of $243.1 million over last year. The increase is primarily in construction in process, infrastructure assets and machinery and equipment.

Long-term debt

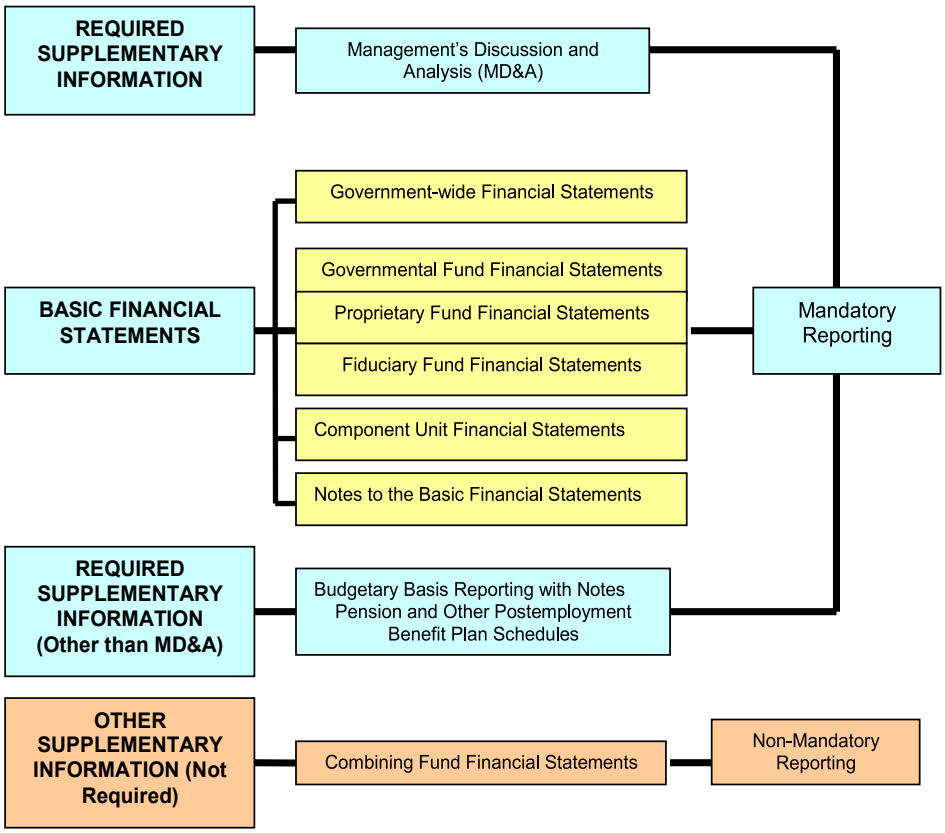
- The State's debt outstanding for general and special obligation Bonds increased $22.9 million as compared to fiscal year 2014. The State issued $109.8 million in general obligation bonds. Also, the State retired $48.2 million in general obligation bonds, and $1.5 million in special obligation transportation infrastructure bonds, and defeasance of $37.2 million in general obligation bonds.

More information regarding the government-wide financial statements, fund level financial statements, capital asset activity and long-term debt activity can be found beginning on page 40.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Comprehensive Annual Financial Report (CAFR) consists of an introductory section, a financial section, and a statistical section. The financial section contains the Independent Auditor's Report, this discussion and analysis section, the basic financial statements (BFS) with required supplementary information (RSI), and other supplementary information. Additional information regarding the above sections may be found below as well as in the notes to the financial statements.

The layout of the financial section and the relationship of the financial statements and supplementary information is presented in the following diagram. Notice the relationships between the various elements of the CAFR, such as "mandatory versus non-mandatory" reporting, or "required versus not required" supplementary information. This diagram is designed to illustrate how the various elements of the state's financial activity fit together in this CAFR.


REQUIRED SUPPLEMENTARY INFORMATION
Management's Discussion and Analysis (MD&A)
BASIC FINANCIAL STATEMENTS
Government-wide Financial Statements
Governmental Fund Financial Statements
Proprietary Fund Financial Statements
Fiduciary Fund Financial Statements
Component Unit Financial Statements
Notes to the Basic Financial Statements
Mandatory Reporting
REQUIRED SUPPLEMENTARY INFORMATION (Other than MD&A)
Budgetary Basis Reporting with Notes
Pension and Other Postemployment Benefit Plan Schedules
OTHER SUPPLEMENTARY INFORMATION (Not Required)
Combining Fund Financial Statements
Non-Mandatory Reporting

Basic Financial Statements

Vermont's basic financial statements (BFS) consist of four components: 1) government-wide financial statements, 2) fund financial statements, 3) component units' financial statements, and 4) notes to the financial statements. The fund financial statements include governmental, proprietary, and fiduciary types of funds that will be described later in this analysis. Notes to the financial statements provide explanations and/or additional detail for all of the above type financial statements and are considered an integral part of the financial statements.

Table 1 summarizes the major features of the basic financial statements with further explanations below:

Table 1 - Major Features of the State's Government-wide and Fund Financial Statements				
	Government-wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire State government (except fiduciary funds) and the State's discretely presented component units	The activities of the State that are not proprietary or fiduciary, such as Human Services and Transportation	Activities the State operates similar to private businesses, such as the Liquor Control Fund and Vermont Lottery Commission	Instances in which the State is the trustee or agent for someone else's resources, such as the retirement plans for public employees
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expense, and Changes in Net Position, Statement of Cash Flows	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset / liability information	All assets and liabilities, both financial and capital, and both short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and both short-term and long-term	All assets and liabilities, both financial and capital, and both short-term and long-term
Type of inflow / outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

1) Government-Wide Financial Statements

Vermont's government-wide financial statements, which follow this MD&A section, are designed to present a broad view of the State's operations and financial position in a manner similar to the accounting principles used by most private-sector business. All of the State's activities except its fiduciary funds' activities are reported in the government-wide statements. Fiduciary activities are not included because the resources of these funds are not available to support the State's own programs.

The government-wide statements contain both short-term and long-term information about the State's financial position and assist in assessing the State's economic condition at the end of each fiscal year. The State prepares these statements using the "flow of economic resources" measurement focus and the accrual basis of accounting. This basically means that the methods utilized to prepare these statements are similar to those used by most private sector businesses in preparing their financial statements. They take into account all financial activity connected with the reported fiscal year including revenues, expenses, transfers, sales or acquisitions of capital assets, and any other activity affecting or possibly affecting the financial condition of the State, even if cash involved has not been received or paid.

The government-wide financial statements present two statements:

The *Statement of Net Position* presents a snapshot of both the primary government's and its component units' assets and liabilities and deferred outflows and deferred inflows, as of the date of this report, with the difference between the assets and deferred outflows, and liabilities and deferred inflows reported as "net position". Over time, increases or decreases in the primary government's net position may serve as an indicator as to whether the financial position of the State is improving or deteriorating.

The *Statement of Activities* presents the reported year's financial activity and hence, the reason(s) for the changes in net position included on the Statement of Net Position. All changes in financial activities are recognized as soon as the underlying event(s) giving rise to the changes occur, regardless of the timing of related cash flows. Thus, some revenues and expenses reported in this statement will not result in cash flows until future fiscal periods. This statement also presents the relationship between the State's major expenditure functions and the associated sources of program revenues associated with each expenditure function.

Both of the above financial statements segregate Vermont's financial activity into three categories: governmental activities, business-type activities, and discretely presented component unit activities. The governmental activities and business-type activities are combined to report on what is termed *primary government activities* which are separate and distinct from the *component units' activities* of the discretely presented component units.

Primary Government Activities

Governmental Activities – The financial activities reported in this section generally represent those services (functions) normally performed by a government entity. These activities are classified as either major or non-major, depending upon their financial size as compared to each other and to the group as a whole. The governmental activities include public education, general government, public health services, legal and judiciary services, natural resources, public safety, regulatory services, social services, and public transportation. Taxes, grants, and intergovernmental revenues are the main sources of funding for these activities.

Business-Type Activities – These business-type activities of the State include the operations of Vermont's enterprise activities. For financial reporting purposes, these activities are classified as either major or non-major, depending upon their financial size as compared to each other and to the group as a whole. Activities categorized as major include the Unemployment Compensation Trust Fund program, Liquor Control, and the State Lottery Commission. Activities reported as non-major include the Federal Surplus Property Program, publishing Vermont Life magazine, making equipment loans to municipalities, and several other activities. Both major and non-major activities normally recover all or a portion of their costs through user fees and charges to the external consumers of their goods and services, much like a private business.

Component Units' Activities

Discretely Presented Component Units – These are legally separate (incorporated) entities for which the primary government has the ability to impose its will on the entity, receive a benefit from activities of the entity, or could receive a financial burden due to the activities of the entity. The State's discretely presented component units are presented in the aggregate in the government-wide statements. This aggregate total consists of four major and eight non-major component units. This categorization is determined by the entity's relative significance to the State. Additional information or financial statements for each of these individual component units can be obtained from their respective administrative offices. Addresses and additional information about the State's component units are presented in Note I to the financial statements.

Blended Component Units – The State has no blended component units.

Included with the basic financial statements are two schedules (pages 48 and 52) that reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with governmental activities (accrual basis of accounting) on the government-wide statements. The following summarizes some of the differences in modified accrual and accrual accounting:

- Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental fund statements.
- Certain revenues that are earned, but not available, are reported as revenues of governmental activities, but are reported as unavailable revenue on the governmental fund statements.
- Unless currently due and payable, long-term liabilities, such as capital lease obligations, compensated absences, net pension and other postemployment benefit obligations, and bonds and notes payable appear as liabilities in the government-wide statements but are not reported in the governmental fund statements.
- Internal service funds are reported primarily as governmental activities, but reported as proprietary funds in the fund financial statements.
- Capital outlay spending results in recording capital assets on the government-wide statements, but is reported as expenditures on the governmental fund statements.
- Bond and note proceeds result in liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund statements. Payments of bond and note principal results in a reduction in liabilities on the government-wide statements, but are reported as expenditures on the governmental fund statements.
- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements, but are reported as expenditures on the governmental fund statements.
- Net position balances are allocated as *net investment in capital assets* (capital assets, net of accumulated depreciation, and reduced by outstanding balances for bonds and notes attributable to those assets) *restricted net position* (those with constraints placed on their use by external sources of imposed by law through constitutional provision or enabling legislation) and *unrestricted net position* (the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not meet any of the above restrictions).

The notes to the basic financial statements provide additional information that is integral to understanding the data provided in the government-wide and fund financial statements.

2) Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Similar to other state and local governments, Vermont uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus and report on the State's activities in more detail than the government-wide statements. All of the funds of the State have been divided into three categories for reporting purposes: governmental, proprietary, and fiduciary. For governmental activities, the governmental funds financial statements indicate how these services are financed in the short-term as opposed to the government-wide statements, which present a long-term view of the State's finances.

In accordance with GASB Statement No. 34, the focus of governmental fund financial statements has shifted from fund types to reporting on the most significant funds of the State, or major funds. Accordingly, the governmental and proprietary funds are divided into major and non-major categories as required by the Governmental Accounting Standards Board. For the governmental and proprietary funds, the major funds are reported in individual columns in the fund financial statements while the non-major funds are presented in a consolidated column in the fund financial statements. Combining schedules or statements in the Other Supplementary Information section present detailed non-major fund activity. Fiduciary funds are reported by fiduciary type (pension and other postemployment benefit trusts, investment trusts, private purpose trusts and agency funds) with combining schedules or statements for the individual pension, other postemployment benefit, and agency funds presented in the Other Supplementary Information section.

The three categories of funds are Governmental Funds, Proprietary Funds, and Fiduciary Funds. It is important to note that these fund categories use different accounting methods and should be interpreted differently as described below. Following is a brief overview of these three major categories of funds.

Governmental Funds
Most of the basic services provided by the State are accounted for in the governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as the balances of resources available at the end of the fiscal year. This approach uses the "flow of current financial resources" measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the State's finances that assist in determining whether there will be adequate financial resources available to meet the current needs of the State.

Because the time period focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Schedules reconciling the governmental funds' Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances to their respective government-wide statements are provided on the pages immediately following each governmental fund financial statement to facilitate this comparison.

The State reports twenty governmental funds of which six are classified as "major" governmental funds. These major funds are the General Fund, Transportation Fund, Education Fund, Special Fund, Federal Revenue Fund and Global Commitment Fund. Each major fund is presented in a separate column in the Governmental Funds' *Balance Sheet* and in the *Statement of Revenues, Expenditures, and Changes in Fund Balance*. The "non-major" governmental funds include the Fish and Wildlife Fund, two capital projects funds, two debt service funds, and nine permanent funds and are presented in one consolidated column in the governmental fund statements. Combining and individual non-major governmental fund statements are reported in the Other Supplementary Information section of this report.

Fund balance (the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources) is classified as nonspendable, restricted and unrestricted (commited, assigned or unassigned).

The State budgets and controls its financial activities on the cash basis of accounting. In compliance with State law, the State records its financial transactions in either of two major categories – the General Fund or various special revenue funds. References to these funds in this report include the terms "budgetary" or "budgetary basis" to differentiate them from the GAAP funds of the same name which encompass different funding categories. The State adopts an annual appropriated budget for its budgetary general fund and each special revenue fund. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with the approved budgets. These schedules can be found as part of the required supplementary information section of this report.

The governmental funds' financial statements immediately follow the government-wide financial statements.

Proprietary Funds
This category of funds includes enterprise funds (business-type) and internal service funds. These funds report activities that operate much like those of commercial enterprises. These funds' financial reports include a *Statement of Net Position;* a *Statement of Revenues, Expenses and Changes in Net Position*; and a *Statement of Cash Flows*.

Enterprise funds provide the same type of information as the business-type activities section in the government-wide financial statements, only in more detail and at the fund level. Like the government-wide financial statements, enterprise fund financial statements use the accrual basis of accounting. Enterprise funds account for services provided to the general public, government, and non-State government entities. They normally derive their revenue by charging user fees in order to cover the costs of their services.

The State reports nine enterprise funds of which three are reported as major funds in separate columns on the proprietary fund statements. These three are the Unemployment Compensation Fund, the Liquor Control Fund, and the Vermont Lottery Commission. The other six enterprise funds are reported as "non-major funds" and are consolidated into one column on the proprietary fund statements.

Internal service funds are used to report activity that provides goods and services to other funds, departments, or agencies of the primary government and its component units, or to other governments on a cost reimbursement basis. These funds provide communication and information technology, facilities and property management, fleet management, printing, risk management and insurance services. The internal service fund activities are allocated proportionately between the governmental activities (predominately) and the business-type activities in the government-wide statements based on the benefit of the services provided to these activities. The reconciliation between the government-wide financial statements for business-type activities and the proprietary fund statements is presented at the end of the proprietary fund financial statements.

The State reports twenty-three internal service funds, which are reported in one consolidated column entitled "Governmental Activities – Total Internal Service Funds" on the Proprietary Funds Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows.

The proprietary funds' financial statements immediately follow the governmental fund financial statements. Combining non-major enterprise and combining internal service fund statements may be found in the Other Supplementary Information section of this report.

Fiduciary Funds
The fiduciary funds are used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. Fiduciary funds are excluded from the government-wide financial statements because the State cannot use these assets to finance its operations. The fiduciary funds use the accrual basis of accounting.

The State's fiduciary funds are divided into the following four basic categories: Pension and Other Postemployment Benefit Trust Funds (includes three separate defined benefit pension plans, three separate defined contribution pension plans, two defined benefit other postemployment benefit plans, and one defined contribution other postemployment benefit plan); an Investment Trust Fund (which reports only the external portion of the Vermont Pension Investment Committee investment pool); a Private Purpose Trust Fund (which reports only the Unclaimed Property Fund); and Agency Funds (nine agency funds which account for the assets held for distribution by the State as an agent for other governmental units, organizations or individuals). These funds' financial reports include a *Statement of Fiduciary Net Position;* and a *Statement of Changes in Fiduciary Net Position*.

The fiduciary funds financial statements can be found immediately following the proprietary funds financial statements. Individual pension and other postemployment benefit trust funds, and agency funds financial statements are reported in the Other Supplementary Information section of this report.

3) Discretely Presented Component Units' Financial Statements
As mentioned previously, the State has included the net position and activities of four major component units in individual columns and eight non-major component units in a single column on the statements. The component units' financial statements can be found immediately after the fiduciary funds.

Combining individual non-major component units' financial statements can be found in Other Supplementary Information section of this report.

4) Notes to the Financial Statements
The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and the fund financial statements. They are an integral part of the financial statements and focus on the primary government and its activities. The notes also explain some of the information contained in the financial statements and present in more detail than is practical in the financial statements.

The notes include a summary of significant accounting policies; additional information regarding the reconciliation of government-wide and fund financial statements; discussions on stewardship, compliance and accountability; detail notes on all activities and funds; and other information. The notes to the financial statements can be found immediately following the component units' financial statements.

Required Supplementary Information Other Than MD&A
The basic financial statements are followed by a section of required supplementary information. This section includes:

- The Schedule of Changes in Net Pension Liability and Related Ratios, a Schedule of Investment Returns, a Schedule of Employer and Nonemployer Contributions, and a Schedule of the State's Proportionate Share of the Net Pension Liability for the three defined benefit pension trust are included in the required supplementary information section. Also, this section includes the Schedule of Funding Progress and the Schedule of Employer Contributions for the other postemployment benefit plans.

- Schedules for the General Fund and budgeted Special Revenue Funds comparing their original budgeted amounts; final budgeted amounts; actual inflows, outflows, and balances stated on the budgetary basis; and variances between the final budgeted amounts and actual amounts presented on a budgetary basis. See Note III. A. for additional information regarding the budgetary process, including the budgetary basis.

- Notes to Required Supplementary Information include a schedule reconciling the statutory fund balance presented on a budgetary basis to the fund balance prepared on a modified accrual basis as presented in the governmental fund financial statements for the general fund and each budgeted special revenue fund, as well as additional information regarding the budgetary process.

Other Supplementary Information
Combining Financial Statements
The combining fund financial statements referred to earlier in connection with non-major funds and non-major component units are presented following the Required Supplementary Information section. The total columns of these combining financial statements carry to the applicable fund financial statement. These combining statements include the following:

- Non-major governmental funds
- Non-major proprietary (enterprise) funds
- Internal service funds
- Fiduciary funds (including individual pension and other postemployment benefit trust funds, and agency funds)
- Non-major component units

Statistical Section
A statistical section containing information regarding financial trends, revenue capacity, and debt capacity, as well as operating, economic and demographic information is presented immediately following the combining financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

The following primary government condensed financial statement information is derived from the State's June 30, 2015 and 2014 government-wide Statement of Net Position. Although the government-wide statements include discretely presented component unit activity, the component unit activity has not been included in these condensed statements.

TABLE 2
State of Vermont's Net Position
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
ASSETS						
Current assets	$ 1,107.1	$ 1,037.1	$ 252.0	$ 178.7	$ 1,359.1	$ 1,215.8
Other assets	408.4	375.5	2.7	3.2	411.1	378.7
Capital assets	2,538.4	2,296.5	2.2	1.0	2,540.6	2,297.5
Total assets	4,053.9	3,709.1	256.9	182.9	4,310.8	3,892.0
DEFERRED OUTFLOWS						
Total deferred outflows	136.3	6.9	0.5	-	136.8	6.9
LIABILITIES						
Long-term liabilities	2,677.3	1,461.8	4.0	1.2	2,681.3	1,463.0
Other liabilities	588.4	520.6	24.8	24.3	613.2	544.9
Total liabilities	3,265.7	1,982.4	28.8	25.5	3,294.5	2,007.9
DEFERRED INFLOWS						
Total deferred inflows	181.2	-	0.9	-	182.1	-
NET POSITION						
Net Investment in capital assets	2,184.7	2,010.7	2.2	1.0	2,186.9	2,011.7
Restricted	609.1	579.4	221.9	149.3	831.0	728.7
Unrestricted (deficit)	(2,050.6)	(856.5)	3.6	7.1	(2,047.0)	(849.4)
Total net position	$ 743.2	$ 1,733.6	$ 227.7	$ 157.4	$ 970.9	$ 1,891.0

Totals may not add due to rounding.

The State's combined net position (governmental and business-type activities) totals $971 million at the end of 2015, as shown in Table 2. Approximately $2.187 billion of the combined net position represents the State's investment in capital assets such as land, buildings, equipment, and infrastructure (roads, bridges, and other immovable assets) less any related debt still outstanding that was used to acquire those assets. This net investment in capital assets represents resources used to provide services to citizens, and therefore is not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Capital assets increased by $243 million primarily due to increases in construction in process, infrastructure assets and machinery and equipment.

An additional portion of the primary government's net position (85.6 percent) represents resources that are subject to external restrictions on how they may be used. This increase of $102.3 million is primarily a result of additional amounts that are restricted for unemployment compensation ($72.6 million), human services ($15.6 million) and natural resources ($13.3 million).

Internally imposed designations of resources are not presented as restricted net position. The remaining balance of unrestricted net position is a deficit of $2.047 billion. The governmental activities' negative unrestricted net position balance is mainly the result of three actions: 1) long-term debt issued by the State for municipal, non-profit or component unit capital purposes, $204.0 million outstanding at June 30, 2015, that does not result in a governmental activities' capital asset, 2) the amount of net position that is restricted for various purposes, and 3) the net Pension and OPEB liabilities (See Note IV. G. 4.).

Current assets increased by $143.3 million due to increase in cash and equivalents ($93.6 million) and federal grants receivable ($53.5 million). Long term liabilities increased by $1,218.3 million primarily due to the implementation of GASB Statement No 68, which changed the way the State records its net pension liabilities (See Note IV.G.4).

At the end of fiscal year 2015, the State reported positive total net position balances in its governmental activities, its business-type activities, and its discretely presented component units.

Changes in Net Position

The following primary government condensed financial statement information is derived from the State's June 30, 2015 and 2014 government-wide Statement of Changes in Net Position. Although the government-wide statements include discretely presented component unit activity, the component unit activity has not been included in these condensed statements.

TABLE 3
State of Vermont's Changes in Net Position
(In Millions)

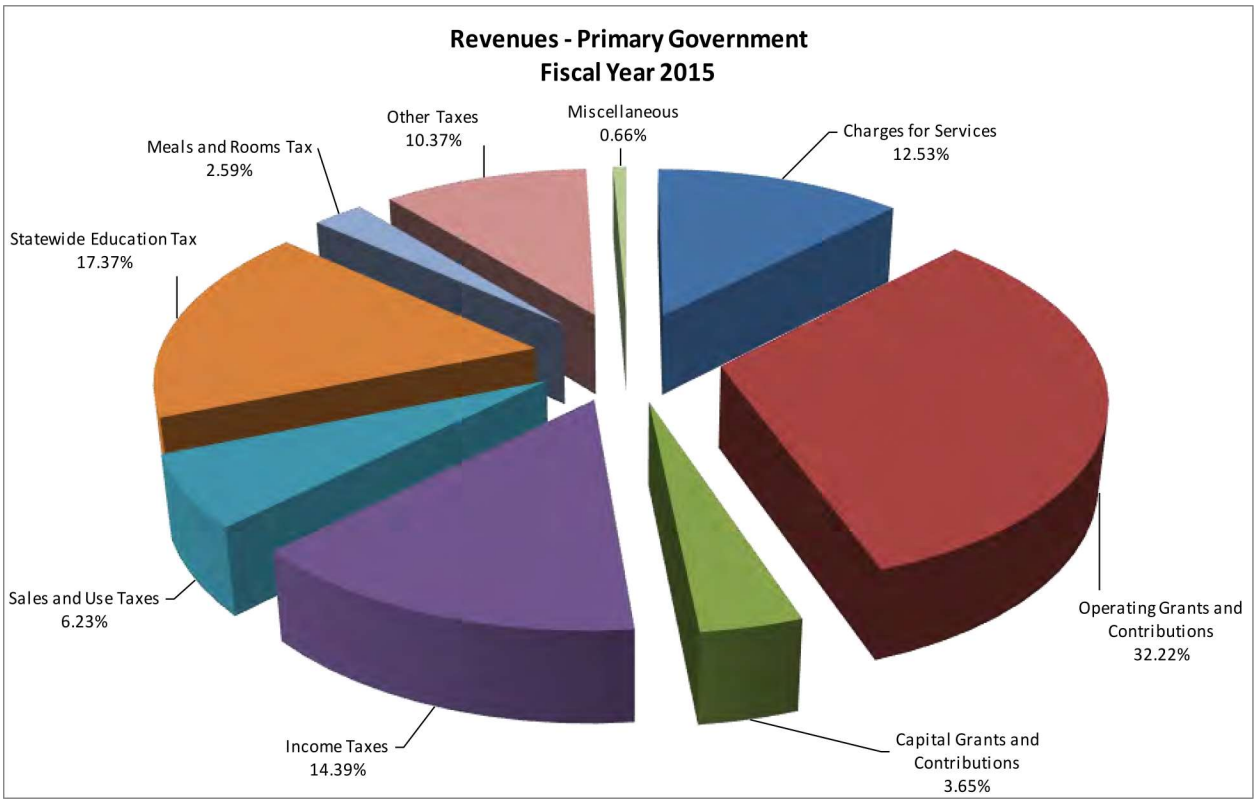
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Charges for services	$ 413.8	$ 407.7	$ 323.5	$ 310.3	$ 737.3	$ 718.0
Operating grants and contributions	1,895.1	1,775.5	1.4	5.9	1,896.5	1,781.4
Capital grants and contributions	214.7	190.1	-	-	214.7	190.1
General revenues						
Income taxes	847.0	743.8	-	-	847.0	743.8
Sales and use taxes	366.7	355.6	-	-	366.7	355.6
Statewide education tax						
Gross tax assessed	1,173.7	1,117.2	-	-	1,173.7	1,117.2
Income sensitivity adjustment	(151.4)	(142.7)	-	-	(151.4)	(142.7)
Meals and rooms tax	152.3	143.5	-	-	152.3	143.5
Other taxes	610.7	625.3	-	-	610.7	625.3
Miscellaneous	35.1	39.7	3.7	2.1	38.8	41.8
Total revenues	5,557.7	5,255.7	328.6	318.3	5,886.3	5,574.0
Expenses						
General government	132.7	139.9	-	-	132.7	139.9
Protection to persons and property	347.5	344.3	-	-	347.5	344.3
Human services	2,446.0	2,271.2	-	-	2,446.0	2,271.2
Labor	31.1	30.6	-	-	31.1	30.6
General educaton	1,881.4	1,803.0	-	-	1,881.4	1,803.0
Natural resources	104.4	105.6	-	-	104.4	105.6
Commerce and community development	38.0	44.0	-	-	38.0	44.0
Transportation	433.6	425.6	-	-	433.6	425.6
Interest on long-term debt	17.1	11.3	-	-	17.1	11.3
Unemployment compensation	-	-	77.2	87.8	77.2	87.8
Lottery commission	-	-	88.8	79.9	88.8	79.9
Liquor control	-	-	57.2	55.2	57.2	55.2
Other business type expenses	-	-	7.1	7.2	7.1	7.2
Total expenses	5,431.8	5,175.5	230.3	230.1	5,662.1	5,405.6
Change in net position						
before transfers	125.9	80.2	98.3	88.2	224.2	168.4
Transfers net in (out)	24.6	24.3	(24.6)	(24.3)	-	-
Change in net position	150.5	104.5	73.7	63.9	224.2	168.4
Net position, beginning of year, as restated.	592.7	1,629.1	154.0	93.5	746.7	1,722.6
Net position, end of year	$ 743.2	$ 1,733.6	$ 227.7	$ 157.4	$ 970.9	$ 1,891.0

Totals may not add due to rounding.

Governmental type activities had an overall increase in net position of $150.5 million, or 25.4%, resulting from an operating profit of $125.9 million and by transfers in from business-type activities of $24.6 million, primarily from the Vermont Lottery Commission ($22.8 million) to support education. Revenues were improved from 2014, with increases in both operating and capital grants and other taxes, as well as increases in income taxes, education taxes and charges for services, while expenditures increased by only a small amount.

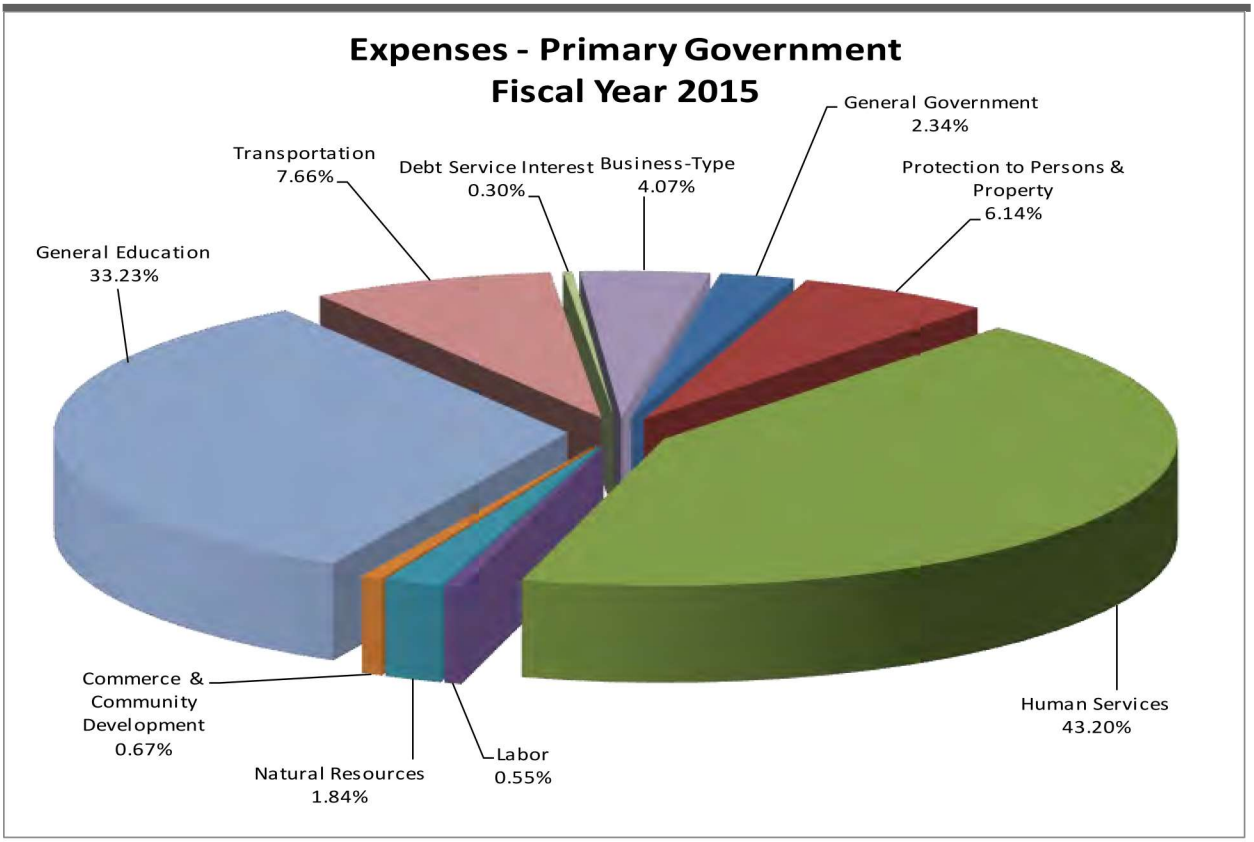
Business-type activities had an overall increase in net position of $73.7 million or 47.9%, resulting from an operating profit of $98.3 million offset by transfers out of $24.6 million to governmental activities, primarily from the Lottery ($22.8 million) to support education. Revenues increased from 2014, primarily due to an increase in revenue in the Vermont Lottery Commission ($9.4 million) offset by a decrease in operating grants ($4.5 million), while expenses increased by only a small amount.

The following graph illustrates the revenues of Vermont's primary government for fiscal year 2015. Approximately 35.87 percent comes from other entities and governments in the form of operating and capital grants and contributions (primarily federal grant revenues). An additional 31.76 percent of total revenues are generated by the statewide education and income taxes.



Percentages may not equal 100% due to rounding.

The following graph illustrates the percentages of total primary government expenses for fiscal year 2015. The largest category of expense is for human services (43.20 percent of total expense) which provides for Vermont's low-income, elderly care services and persons in state custody in the form of grants for selected services such as food stamps, health care, housing and child protective services. The second most significant category of expense is for general education (33.23 percent of total expenses) which provides for Vermont's support to secondary and higher education.

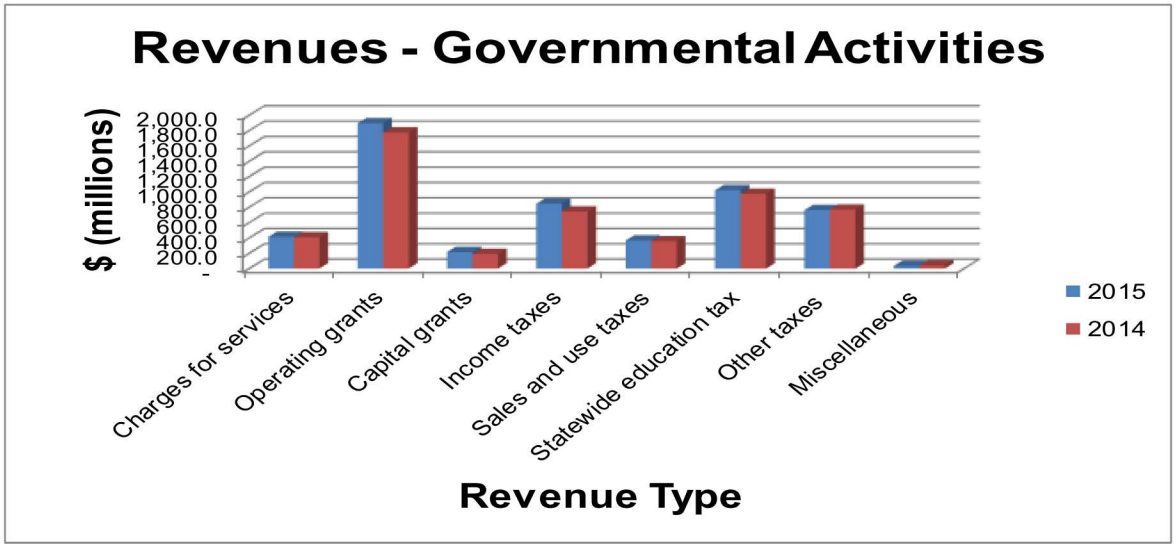


Percentages may not equal 100% due to rounding.

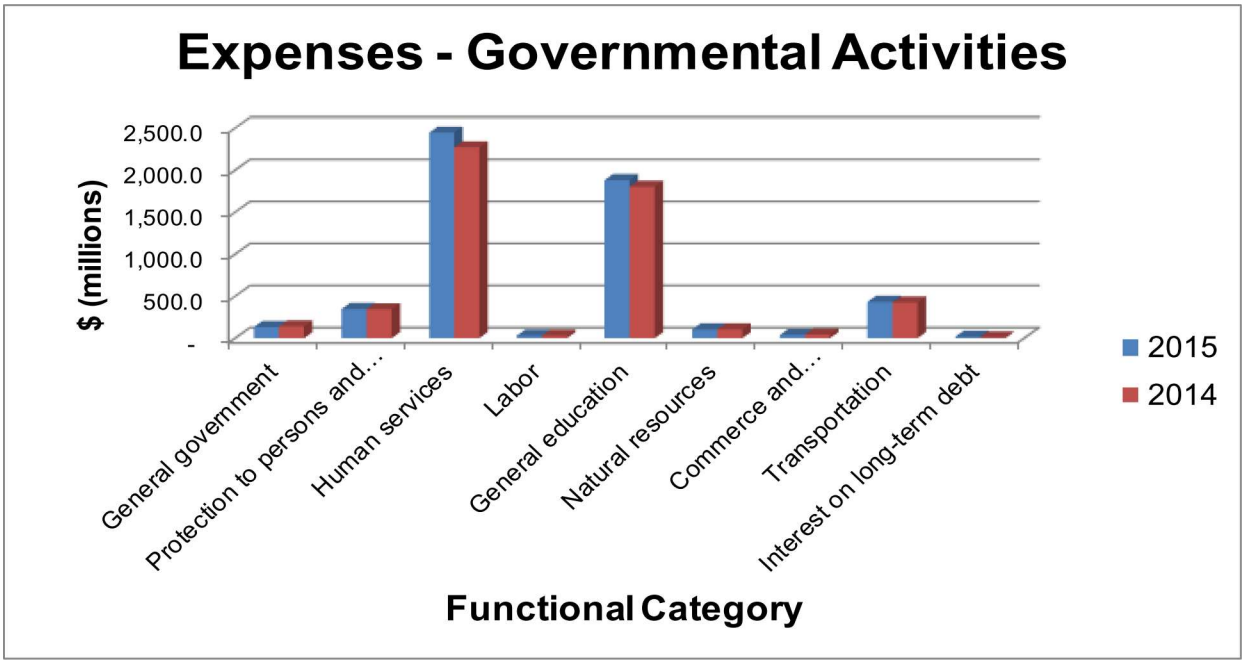
Governmental Activities

In 2015, governmental activities' revenues exceeded expenses by $125.9 million and received transfers of $24.6 million from business activities, resulting in a $150.5 million (or 25.4 percent) increase in net position. Revenues increased by $302.0 million, primarily due to an increase in operating grants and contributions ($119.6 million) while expenses increased by $256.3 million. Spending increased for human services ($174.8 million), general education ($78.4 million) and transportation ($8.0 million).

The following chart provides a two-year comparison of governmental activities revenues:



The following chart provides a two-year comparison of governmental activities expenses:

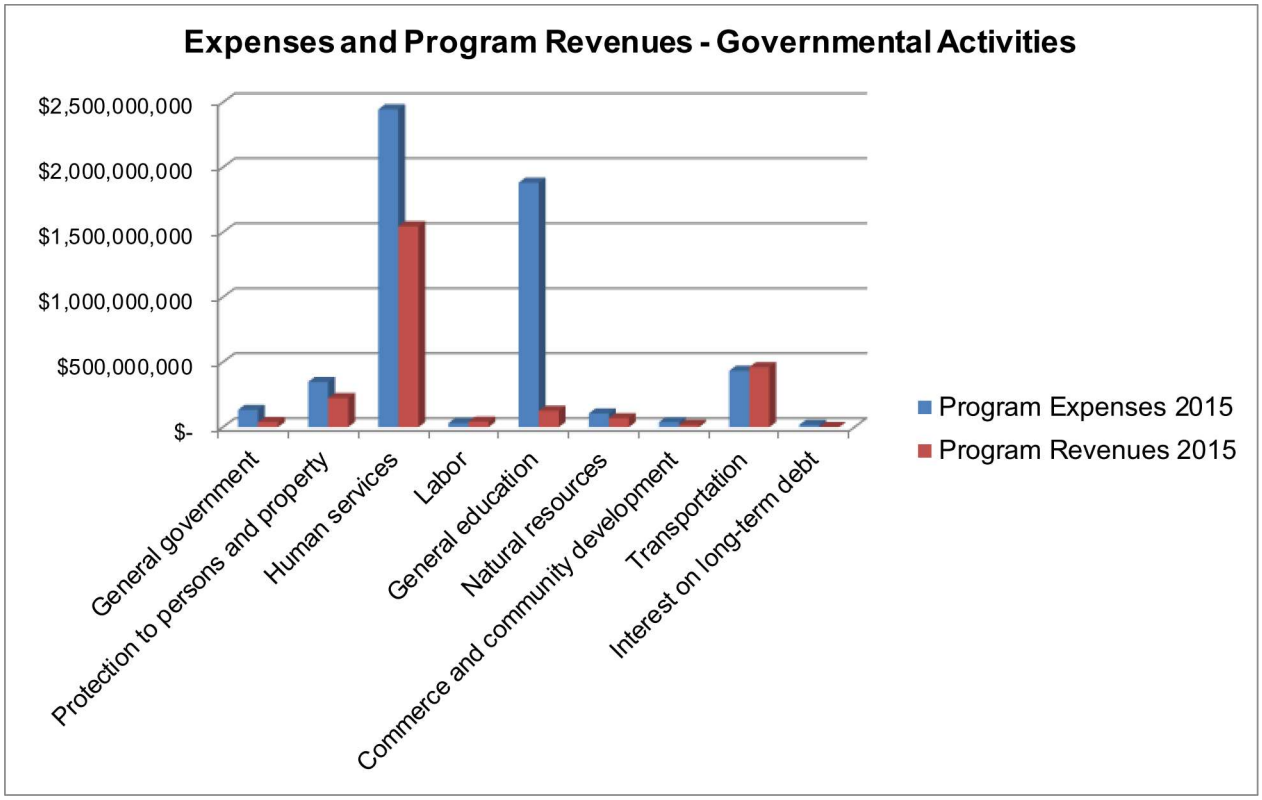


The following table shows to what extent program revenues (charges for services and grants and contributions) covered program expenses. For fiscal year 2015, program revenues covered $2.5 billion or 46.5 percent of $5.4 billion in program expenses. The remaining $2.9 billion or 53.5 percent of program expenses was paid for by state taxes and other general revenue.

TABLE 4
Net Program Revenue
For the years ended June 30, 2015 and 2014

	Program Expenses	Less Program Revenues	Net Program (Expense)/Revenue		Program Revenues as a Percentage of Program Expenses	
	2015	2015	2015	2014	2015	2014
Functions/programs						
General government	$ 132,709,208	$ 38,426,023	$ (94,283,185)	$ (99,277,848)	29.0%	29.0%
Protection to persons and property	347,502,954	223,446,450	(124,056,504)	(117,964,109)	64.3%	65.7%
Human services	2,445,967,932	1,545,718,532	(900,249,400)	(830,974,007)	63.2%	63.4%
Labor	31,114,599	41,685,394	10,570,795	6,545,730	134.0%	121.4%
General education	1,881,412,931	125,450,593	(1,755,962,338)	(1,681,339,636)	6.7%	6.8%
Natural resources	104,427,332	68,544,300	(35,883,032)	(38,705,992)	65.6%	63.3%
Commerce and community development	38,024,193	18,012,967	(20,011,226)	(25,091,896)	47.4%	43.0%
Transportation	433,566,666	461,195,304	27,628,638	(5,267,660)	106.4%	98.8%
Interest on long-term debt	17,122,074	1,159,477	(15,962,597)	(10,105,628)	6.8%	10.2%
	$ 5,431,847,889	$ 2,523,639,040	$ (2,908,208,849)	$ (2,802,181,046)	46.5%	45.9%

The following chart displays program expenses and program revenues for 2015:



FINANCIAL ANALYSIS OF THE STATE'S INDIVIDUAL FUNDS

As noted earlier, the State of Vermont uses fund accounting to account for its ongoing operations and to demonstrate compliance with finance-related legal requirements imposed by both legislative mandates as well as externally imposed restrictions.

Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, *unrestricted (unassigned, assigned, and committed) fund balances* may serve as a useful measure of a government's net resources available for spending. At the end of fiscal year 2015, the unrestricted fund balance is 23.0 percent of the total fund balance of governmental funds, which is available for spending on governmental programs at the State's discretion in the coming year. The remainder of this fund balance is restricted or nonspendable to indicate that it is not available for appropriation, such as the principal of the State's Permanent Funds, and other items that are nonspendable, such as advances and long-term receivables. At the end of fiscal year 2015, the State's governmental funds reported combined fund balances of $933.5 million, an increase of $25.6 million in comparison with the prior fiscal year.

The General Fund is the chief operating fund of the State. At the end of fiscal year 2015, the General Fund's total fund balance was $133.0 million and the unassigned portion of this fund balance was $21.0 million. Its remaining fund balance was made up of nonspendable amounts totaling $106.3 million, and assigned amounts totaling $5.8 million. During 2015, total revenues and other financing sources exceeded total expenditures and other financing uses by $7.9 million.

General Fund revenues increased by $60.0 million, or 4.5%, primarily due to a $63.8 million increase in personal and corporate taxes due to an improved economy, an increase in other revenues due a one-time $5 million litigation settlement, and a $10.1 million decrease in other taxes, primarily because there was a one year increase in inheritance and estate taxes in FY 2014. Expenditures decreased by $25.4 million or 3.0%, primarily due to increases in protection to persons and property of $8.8 million due to increases in personnel costs and vehicle expenses; increases in general education expense of $12.8 million due to increases in education grants, and a decrease in human services expense of $47.8 million primarily due to the midyear change in the Choices for Care Medicaid waiver which consolidated it with the Global Commitment to Health Medicaid waiver in the Global Commitment Fund. The General Fund's statutory reserve for budgetary stabilization increased by $3.1 million to $69.3 million, the maximum allowed by statute.

The Transportation Fund's total fund balance was $27.2 million at June 30, 2015, an increase of $0.3 million from the fiscal year 2014 ending total fund balance. Transportation Fund revenues increased by $39.2 million, primarily due to an increase in Federal Highway Administration grants ($38.9 million), which corresponds to the increase in expenditures for transportation projects ($38.0 million). The Transportation Fund's statutory reserve for budget stabilization increased by $1.0 million to $12.6 million, the maximum allowed by statute.

The Education Fund at June 30, 2015 had a total fund balance of $73.8 million, which represents a $11.4 million increase over fiscal year 2014's ending balance. General education costs increased by $41.8 million, primarily due to an increase in grants to school districts ($41.0 million). This increase was funded by increases in the statewide education tax ($47.9 million); sales and use taxes ($3.1 million); purchase and use taxes ($1.8 million) and offset by decreases in the electric energy education tax ($3.3 million). The Education Fund's statutory reserve for budget stabilization increased $1.7 million to $32.0 million, the maximum allowed by statute.

The Special Fund's total fund balance at the end of fiscal year 2015 was $79.6 million, a decrease of 20.3 percent in comparison with 2014. The Special Fund's total fund balance is comprised of $21.7 million as restricted, $80.1 million as committed, and $22.1 million unassigned deficit. Special Fund revenues decreased $2.2 million or 0.4 percent, and expenditures increased $16.1 million or 5.5 percent. The increase in expenditures was primarily in the protection to persons and property function ($19.0 million), of which $15.9 million was in the Energy Efficiency Utility program's grants, also increases in grants for general education ($3.0 million), grants and payroll costs for natural resources ($2.7 million), with an offsetting decrease in grants for human services ($8.1 million). This resulted in a decrease in "excess of revenues over expenditures" of $18.2 million from last fiscal year. Fiscal year 2015 transfers out to other funds exceeded transfers in from other funds by $272.7 million. The Special Fund received transfers in of $81.6 million, consisting of FEMA funds for construction on the Waterbury Office Complex ($30.0 million); federal fund monies for the earned income tax credit ($19.4 million); matching funds for school based Medicare services ($23.8 million); and the Next Generation Fund ($3.3 million). Transfers out of $354.3 million consisted primarily of payments for a portion of the State's payment for Medicaid coverage under the Global Commitment to Health Medicaid waiver ($287 million).

The Federal Revenue Fund accounts for all federal grants except those federal grants that are awarded to the Agency of Transportation (which are included in the Transportation Fund), the Global Commitment to Health Medicaid waiver (which are included in the Global Commitment Fund) and the Department of Fish and Wildlife (which are included in the Fish and Wildlife Fund, a non-major governmental fund). The Federal Revenue Fund's federal grant revenues for fiscal year 2015 were $821.8 million, a decrease of $59.3 million over fiscal year 2014's federal grant revenues. Expenditures were $772.8 million, a decrease of $60.1 million over 2014. This decrease in revenues and decrease in expenditures is largely due to the midyear change in the Choices for Care Medicaid waiver which consolidated it with the Global Commitment to Health Medicaid waiver in the Global Commitment Fund. The Federal Revenue Fund's total fund balance at the end of fiscal year 2015 ($436.2 million) was a increase of $22.3 million as compared to the total fund balance at the end of fiscal year 2014.

The fiscal year 2015 ending total fund balance for the Global Commitment Fund was $114.1 million. Revenues and net transfers in of $1,475.3 million exceeded expenditures of $1,462.8 million by $12.5 million. The primary changes were an increase in federal grants of $175.3 million and an increase in human services expenses of $230.2 million. These increased occurred due to an increased base budgeting expenditures attributable to the Medicaid case load and utilization growth, and the midyear change in the Choices for Care Medicaid waiver which consolidated it with the Global Commitment to Health Medicaid waiver in the Global Commitment Fund.

See Note I, Section E for more information regarding these funds.

Proprietary Funds
The State's *enterprise funds* provide the same type of information presented in the business-type activities in the government-wide financial statements, but in more detail. The Unemployment Compensation Trust Fund's total net position balance increased from $149.3 million at June 30, 2014 to $221.9 million at June 30, 2015, an increase of $72.6 million in one year. Expenditures from the fund for unemployment benefits decreased by $10.5 million over 2014.

The State's *internal service funds'* total net position at June 30, 2015 was a deficit of $3.5 million, an $8.9 million improvement from June 30, 2014. This improvement is primarily due to an improvement in net position of $4.6 million in the medical insurance fund due to a rate increase in FY 2015, as well as an increase in the highway garage fund ($1.3 million) due to a reduction in cost of supplies and parts and the property management fund due to the transfer of proceeds from the sale of a building in St. Albans ($3.3 million). It should be remembered that the internal service funds' activity has been combined with the governmental funds' activity in the government-wide financial statements.

Fiduciary Funds
The State's fiduciary funds account for resources held for the benefit of parties outside State government. The Pension and Other Postemployment Benefit Trust Funds' net position decreased by 2.4% to $3.97 billion at June 30, 2015. For more information regarding the State's retirement and other postemployment benefit plans, see Note IV. G. 4. to the financial statements. The Unclaimed Property Fund's total assets balance at June 30, 2015 is $12.2 million, and total liabilities balance is $8.8 million, including the escheat property claims liability estimated at $8.8 million, resulting in ending net position of $3.4 million. The Investment Trust Fund's total net position at June 30, 2015, were $153.8 million. Net position of all fiduciary funds are reported as held in trust for particular purposes.

GENERAL FUND BUDGET HIGHLIGHTS

The State ended fiscal year 2015 with General Fund revenues of $1.381 billion, expenditures of $1.060 billion, and net transfers to other funds of $314.5 million (non-GAAP budgetary basis). This was a $52.4 million increase in revenues over the previous year. The fiscal year 2015 General Fund consensus revenue forecast initially approved by the Emergency Board in July, 2014 was subsequently revised downward by the Emergency Board at their January 2015 meeting. Compared to target, the revenues were 0.94 percent above the July, 2014 revenue forecast of $1,367.9 million, and 1.69 percent above the January, 2015 revised revenue forecast of $1,357.9 million. Personal income tax receipts were $4.1 million above target, corporate income tax receipts were $19.3 million above target, and meals and rooms tax receipts were $1.7 million above target. Inheritance and estate taxes were $4.4 million below target due to an unusually large estate tax filing in FY2014, and there was a one-time litigation settlement in FY2015 ($5.0 million). The General Fund results allowed for a fully funded General Fund Budget Stabilization Reserve of $69.3 million, representing the statutory maximum of 5 percent of the prior year appropriations level.

PRIMARY GOVERNMENT'S CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The State investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of June 30, 2015, was $2.541 billion, a total increase of 10.6 percent (Table 4). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the State, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items.

Many component unit, municipal and non-profit organizations' capital construction projects and acquisitions are financed by the State, but the assets are actually owned by these other entities. Therefore, these capital assets are recorded on the financial statements of those entities and not on the books of the State. But the general obligation bonds issued by the State to finance these capital assets are reported as a liability of the State's governmental activities. At June 30, 2015, the State had $204.0 million of general obligation bonds outstanding related to capital assets of these other entities. Additional information on the State's capital assets can be found in Note IV. E. of the notes to the financial statements.

TABLE 4
Capital Assets at Fiscal Year End
(Net of depreciation, amounts in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land, Land Use Rights, and Land Improvements	$ 129,341	$ 128,374	$ -	$ -	$ 129,341	$ 128,374
Construction in Progress	641,176	534,629	1,595	389	642,771	535,018
Works of Art	136	136	-	-	136	136
Buildings and Improvements	284,234	252,039	3	5	284,237	252,044
Machinery and Equipment	208,840	149,266	568	591	209,408	149,857
Infrastructure	1,274,679	1,232,028	-	-	1,274,679	1,232,028
Totals	$ 2,538,406	$ 2,296,471	$ 2,166	$ 985	$ 2,540,572	$ 2,297,457

Totals may not add due to rounding.

Debt Administration

Bonded Indebtedness

The State has no constitutional or other limit on its power to issue obligations or to incur debt besides borrowing only for public purposes. In 1990, the General Assembly created the Capital Debt Affordability Advisory Committee and made it responsible for overseeing the long-term capital planning for the State. Annually, the General Assembly passes appropriations for capital purposes and authorizes the State Treasurer to issue general obligation bonds to provide the financing for all or a portion of the appropriations. Bonds are backed by the full faith and credit of the State, including the State's power to levy additional taxes to ensure repayment of the debt.

During fiscal year 2015, the State of Vermont's outstanding general and special obligation bond debt increased by approximately $22.9 million. This increase can be accounted for by the issuance of $109.8 million of general obligation bonds offset by the redemption of $48.2 million in general obligation bonds, $1.5 million in special obligation bonds, and defeasance of $37.2 million in general obligation bonds. Additional information on the State's bonded debt is contained in Note IV. G. 1. of the notes to the financial statements.

The State's general obligation bond ratings are as follows: Aaa by Moody's Investor Service (since February 2007), AA+ by Standard & Poor's Ratings Services (since September 2000), and AAA by Fitch Ratings (since April 2010).

Pension Obligations
The State has implemented the Governmental Accounting Standards Board Statement No. 68, *Accounting and Reporting for Pensions* (GASB 68). This statement replaces GASB Statement No. 27, *Accounting for Pensions by State and Local Governments* and requires that an employer report a net pension liability (NPL) and related changes to the NPL, instead of a net pension obligation (NPO).

While GASB Statement No. 68 changes the amount of net pension liability that is reported in the financial statements, governments may continue to fund their plans by calculating an actuarially determined contribution and measuring their funded status as it relates to that actuarially determined contribution. This funding information, which was previously required by GASB Statement No. 27 to be reported as Required Supplementary Information, is not required by GASB Statement No. 68. Instead, management is disclosing this information in the Management's Discussion and Analysis.

The actuarial valuation that was used to determine the funding status was as of June 30, 2015. This is different from the actuarial valuation that was used to determine the net pension liability under GASB Statement No. 68, which rolls forward amounts from an actuarial valuation performed as of June 30, 2013, to the measurement date of June 30, 2014. For additional information on the GASB Statement No. 68 valuation can be found in Note IV.G.4.

TABLE 5
Define Benefit Pension Plans
Schedule of Funding Progress
(dollar amounts expressed in thousands)

Actuarial Valuation Date June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
VSRS						
2015	$ 1,636,268	$ 2,178,827	$ 542,559	75.10%	$ 462,057	117.42%
2014	1,566,076	2,010,090	444,014	77.91%	437,676	101.45%
2013	1,469,170	1,914,300	445,130	76.75%	416,766	106.81%
STRS						
2015	$ 1,662,346	$ 2,837,375	$ 1,175,029	58.59%	$ 576,394	203.86%
2014	1,610,286	2,687,049	1,076,763	59.93%	567,074	189.88%
2013	1,552,924	2,566,834	1,013,910	60.50%	563,623	179.89%

Additional information regarding the determination of the actuarially determined contribution is available from the Vermont State Treasurer. Additional information on the defined benefit pension plans can be found in Note IV. G. 4.

ECONOMIC FACTORS AFFECTING THE STATE

Capital Debt Affordability
Annually the Capital Debt Affordability Advisory Committee (CDAAC) completes a review of the size and affordability of the State tax-supported general obligation debt. By October 1, the CDAAC submits to the Governor and to the General Assembly an estimate of the maximum amount of new long-term general obligation debt that prudently may be authorized for the next two fiscal years. In December, 2014, the CDAAC proposed that the maximum amount of long-term general obligation debt authorized to be issued by the State for fiscal years 2016 and 2017 not exceed $144.0 million. This represented a 9.9% reduction from the previous biennium's recommendation of $159.9 million. At its September 2015

meeting, the Committee made a recommendation to maintain the current authorization not to exceed $144 million for the 2016-2017 fiscal year biennium. This, coupled with a $11.6 million premium in the State's recent bond sale that is being used to fund capital projects, provides a total capacity of $155.6 million.

Economic Outlook

The Vermont near-term economic outlook includes a Vermont economy, along with the US economy, continuing to make forward progress toward a more "normal" state of affairs for output, jobs, and income growth. The most recent forecast, however, includes a greater than normal risk of uncertainty, both in terms of the macroeconimic environment and recent and ongoing structural developments within many of the key revenue sources on which the State depends.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the State of Vermont's finances for all of Vermont's citizens, taxpayers, customers, and investors and creditors. This financial report seeks to demonstrate the State's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

State of Vermont
Department of Finance and Management
109 State Street, 5th Floor
Pavilion Building
Montpelier, Vermont 05609-0401

The State's component units issue their own separately issued financial statements. Their statements may be obtained by directly contacting them at the addresses found in Note I to the State's financial statements.

BASIC FINANCIAL STATEMENTS

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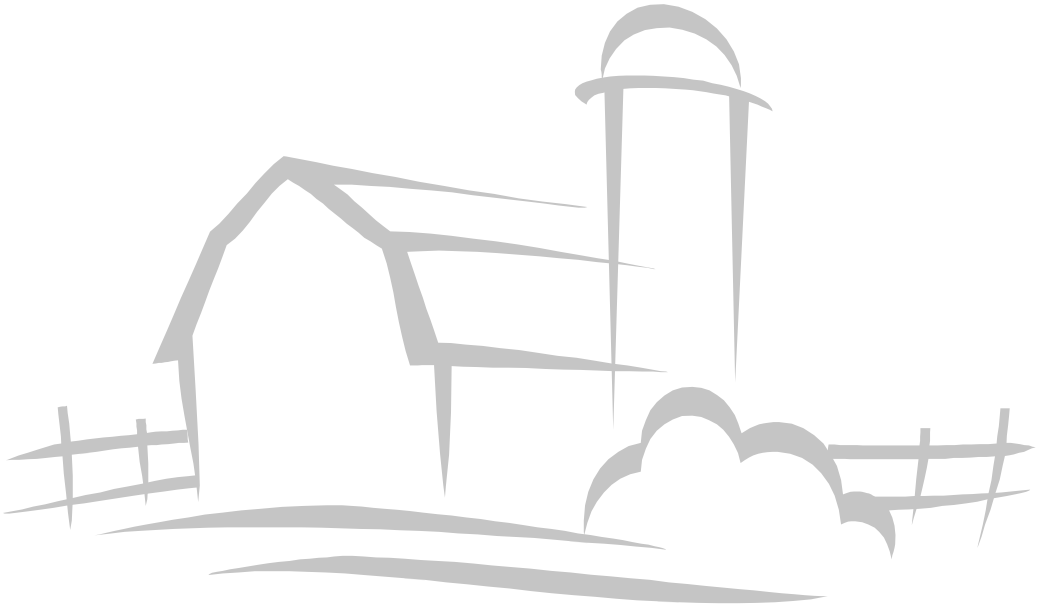

Vermont

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF VERMONT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government			Discretely Presented
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current Assets				
Cash and cash equivalents	$ 524,716,400	$ 202,656,737	$ 727,373,137	$ 140,184,872
Taxes receivable, net	120,261,411	38,465,095	158,726,506	-
Loans and notes receivable, net	18,756,299	624,379	19,380,678	248,990,512
Federal grants receivable	296,524,408	552,119	297,076,527	20,746,578
Other receivables, net	70,316,364	5,493,033	75,809,397	63,953,898
Investments	58,768,694	-	58,768,694	180,196,715
Inventories	2,253,144	7,700,422	9,953,566	2,346,449
Internal balances	3,473,061	(3,473,061)	-	-
Receivable from primary government	-	-	-	395,000
Receivable from component units	8,657,063	-	8,657,063	-
Other current assets	3,358,387	49,358	3,407,745	13,275,532
Total current assets	1,107,085,231	252,068,082	1,359,153,313	670,089,556
Noncurrent Assets				
Cash and equivalents	-	431,697	431,697	140,188,939
Taxes receivable	125,614,296	-	125,614,296	-
Other receivables	26,184,176	7,178	26,191,354	-
Loans and notes receivable	256,567,280	923,281	257,490,561	2,136,665,067
Investments	-	1,312,188	1,312,188	689,589,675
Other noncurrent assets	-	-	-	26,675,018
Capital assets				
Land	129,341,523	-	129,341,523	44,578,850
Construction in progress	641,175,573	1,595,166	642,770,739	16,087,127
Works of art	136,003	-	136,003	-
Capital assets being depreciated				
Infrastructure	2,230,126,997	-	2,230,126,997	38,254,321
Property, plant and equipment	865,026,247	2,302,886	867,329,133	1,286,249,173
Less accumulated depreciation	(1,327,399,985)	(1,732,429)	(1,329,132,414)	(643,637,731)
Total capital assets, net of depreciation	2,538,406,358	2,165,623	2,540,571,981	741,531,740
Total noncurrent assets	2,946,772,110	4,839,967	2,951,612,077	3,734,650,439
Total assets	4,053,857,341	256,908,049	4,310,765,390	4,404,739,995
DEFERRED OUTFLOW OF RESOURCES				
Loss on refunding of bonds payable	8,414,684	-	8,414,684	22,006,775
Pension related outflows	127,854,904	478,043	128,332,947	933,858
Interest rate swap	-	-	-	16,356,967
Total deferred outflow of resources	136,269,588	478,043	136,747,631	39,297,600

The accompanying notes are an integral part of these financial statements.

	Primary Government			Discretely Presented
	Governmental Activities	Business-type Activities	Total	Component Units
LIABILITIES				
Current Liabilities				
Accounts payable and other current liabilities	390,217,707	8,742,936	398,960,643	81,741,699
Income tax refunds payable	79,551,353	-	79,551,353	-
Payable to primary government	-	-	-	8,657,063
Payable to component units	395,000	-	395,000	-
Intergovernmental payable - due to federal government	4,917,209	-	4,917,209	-
Accrued interest payable	9,091,700	-	9,091,700	6,455,876
Current portion of long-term liabilities	103,382,037	5,810,889	109,192,926	244,091,353
Unearned revenue	847,772	10,273,703	11,121,475	55,126,785
Total current liabilities	588,402,778	24,827,528	613,230,306	396,072,776
Long-term liabilities				
Lottery prize awards payable	-	947,520	947,520	-
Bonds, notes and leases payable	607,247,948	-	607,247,948	2,600,746,928
Compensated absences	6,821,677	23,575	6,845,252	-
Claims and judgments	37,006,472	-	37,006,472	-
Net pension liabilities	1,300,872,140	3,002,355	1,303,874,495	6,204,576
Net other postemployment benefits obligation	714,311,874	-	714,311,874	228,150,504
Other long-term liabilities	11,067,841	-	11,067,841	42,859,057
Total long-term liabilities	2,677,327,952	3,973,450	2,681,301,402	2,877,961,065
Total liabilities	3,265,730,730	28,800,978	3,294,531,708	3,274,033,841
DEFERRED INFLOW OF RESOURCES				
Gain on refunding of bonds payable	-	-	-	42,307,000
Pension related inflows	181,179,712	888,068	182,067,780	1,941,609
Total deferred inflow of resources	181,179,712	888,068	182,067,780	44,248,609
NET POSITION				
Net investment in capital assets	2,184,683,736	2,165,623	2,186,849,359	169,076,897
Restricted for				
Unemployment compensation	-	221,945,728	221,945,728	-
Funds held in permanent investments				
Expendable	343,401	-	343,401	-
Nonexpendable	7,416,453	-	7,416,453	-
General government	12,115,201	-	12,115,201	26,643,521
Protection to persons and property	16,289,528	-	16,289,528	-
Human services	182,576,754	-	182,576,754	-
Labor	5,248,718	-	5,248,718	-
General education	2,357,383	-	2,357,383	498,098,940
Natural resources	345,805,689	-	345,805,689	-
Commerce and community development	4,294,671	-	4,294,671	306,810,591
Transportation	4,506,602	-	4,506,602	-
Capital projects	24,981,645	-	24,981,645	-
Debt service	3,213,302	-	3,213,302	-
Unrestricted (deficit)	(2,050,616,596)	3,585,695	(2,047,030,901)	125,125,196
Total net position	$ 743,216,487	$ 227,697,046	$ 970,913,533	$ 1,125,755,145

STATE OF VERMONT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Primary Government				
Governmental activities				
General government	$ 132,709,208	$ 36,796,760	$ 1,629,263	$ -
Protection to persons and property	347,502,954	168,305,722	55,140,728	-
Human services	2,445,967,932	26,916,760	1,518,801,772	-
Labor	31,114,599	20,652,212	21,033,182	-
General education	1,881,412,931	1,442,391	124,008,202	-
Natural resources	104,427,332	33,502,374	22,535,340	12,506,586
Commerce and community development	38,024,193	3,596,761	14,416,206	-
Transportation	433,566,666	122,617,466	136,336,961	202,240,877
Interest on long-term debt	17,122,074	-	1,159,477	-
Total governmental activities	5,431,847,889	413,830,446	1,895,061,131	214,747,463
Business-type activities				
Vermont Lottery Commission	88,831,761	111,758,717	-	-
Liquor Control	57,176,093	59,503,865	-	-
Unemployment Compensation	77,245,419	145,660,013	1,459,108	-
Other	7,080,035	6,626,620	-	-
Total business-type activities	230,333,308	323,549,215	1,459,108	-
Total primary government	$ 5,662,181,197	$ 737,379,661	$ 1,896,520,239	$ 214,747,463
Component Units				
Vermont Student Assistance Corporation	$ 84,801,000	$ 49,627,000	$ 32,818,000	$ -
University of Vermont and State Agricultural College	658,746,000	393,763,000	242,317,000	1,562,000
Vermont State Colleges	195,710,906	118,628,876	64,452,772	1,495,970
Vermont Housing Finance Agency	24,312,000	840,000	-	-
Other	77,516,679	47,733,682	30,447,178	-
Total component units	$ 1,041,086,585	$ 610,592,558	$ 370,034,950	$ 3,057,970

General Revenues	
Taxes	
Personal and corporate income	
Sales and use	
Meals and rooms	
Purchase and use	
Motor fuel	
Statewide education	
Other taxes	
Total taxes	
Investment earnings	
Tobacco litigation settlement	
Additions to non-expendable endowments	
Miscellaneous	
Transfers	
Total general revenues and transfers	
Changes in net position	
Net Position - Beginning, as restated	
Net Position - Ending	

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Discretely Presented Component Units
Governmental Activities	Business-type Activities	Total	
$ (94,283,185)	$ -	$ (94,283,185)	$ -
(124,056,504)	-	(124,056,504)	-
(900,249,400)	-	(900,249,400)	-
10,570,795	-	10,570,795	-
(1,755,962,338)	-	(1,755,962,338)	-
(35,883,032)	-	(35,883,032)	-
(20,011,226)	-	(20,011,226)	-
27,628,638	-	27,628,638	-
(15,962,597)	-	(15,962,597)	-
(2,908,208,849)	-	(2,908,208,849)	-
-	22,926,956	22,926,956	-
-	2,327,772	2,327,772	-
-	69,873,702	69,873,702	-
-	(453,415)	(453,415)	-
-	94,675,015	94,675,015	-
(2,908,208,849)	94,675,015	(2,813,533,834)	-
$ -	$ -	-	(2,356,000)
-	-	-	(21,104,000)
-	-	-	(11,133,288)
-	-	-	(23,472,000)
-	-	-	664,181
-	-	-	(57,401,107)
846,960,443	-	846,960,443	-
366,747,615	-	366,747,615	-
152,274,318	-	152,274,318	-
97,192,269	-	97,192,269	-
34,606,557	-	34,606,557	-
1,022,319,129	-	1,022,319,129	-
478,850,136	-	478,850,136	14,954,840
2,998,950,467	-	2,998,950,467	14,954,840
419,198	3,687,456	4,106,654	36,998,360
33,565,961	-	33,565,961	-
-	-	-	520,945
1,125,637	11,093	1,136,730	2,004,704
24,628,559	(24,628,559)	-	-
3,058,689,822	(20,930,010)	3,037,759,812	54,478,849
150,480,973	73,745,005	224,225,978	(2,922,258)
592,735,514	153,952,041	746,687,555	1,128,677,403
$ 743,216,487	$ 227,697,046	$ 970,913,533	$ 1,125,755,145

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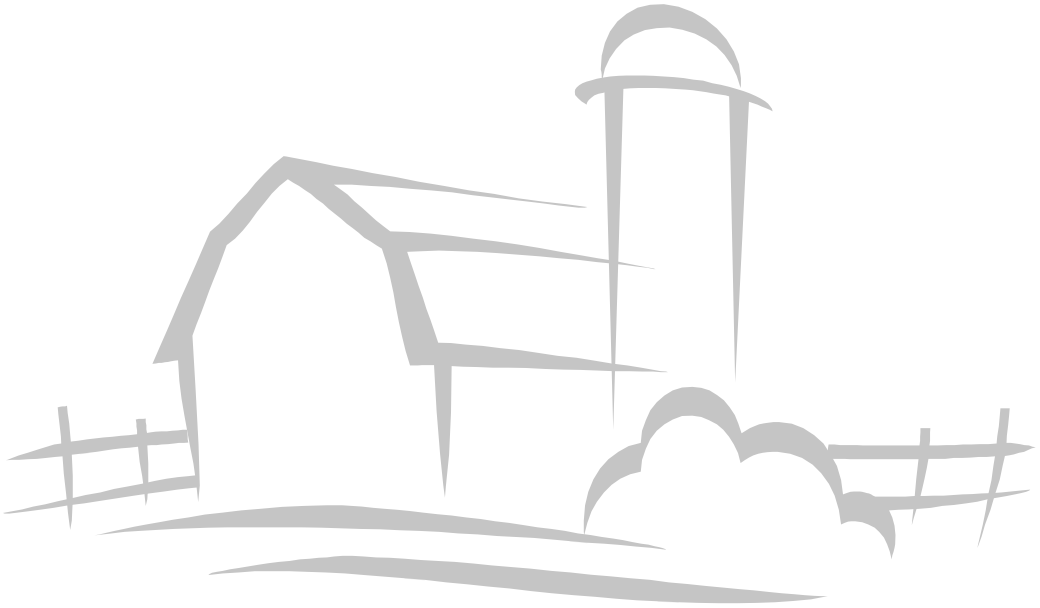

Vermont

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

STATE OF VERMONT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Transportation Fund	Education Fund	Special Fund
ASSETS				
Cash and cash equivalents	$ 18,169,343	$ 23,626,090	$ 72,532,285	$ 145,576,319
Investments	10,300,000	-	-	11,024,961
Receivables				
Taxes receivable, net	214,496,131	9,025,721	17,427,381	4,848,363
Accrued interest receivable	130,765	23,646	-	1,508
Notes and loans receivable	14,650,564	366,168	-	4,171,459
Other receivables, net	8,296,246	7,949,750	12	27,335,786
Intergovernmental receivables - federal government, net	-	38,409,371	-	-
Due from other funds	1,117,419	7,755	-	4,448,190
Due from component units	2,925,189	-	-	-
Interfund receivable	85,670,592	-	-	-
Advances to other funds	300,275	-	-	-
Advances to component units	5,701,485	-	-	30,389
Total assets	$ 361,758,009	$ 79,408,501	$ 89,959,678	$ 197,436,975
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 15,102,562	$ 36,866,836	$ 12,094,642	$ 21,413,294
Accrued liabilities	13,527,258	6,521,204	212,433	8,145,149
Retainage payable	277,973	95,038	-	116,449
Due to other funds	52,259,292	2,398,037	34,884	73,347,414
Intergovernmental payable - federal government	-	-	-	-
Tax refunds payable	22,190,272	-	57,198	13,233
Unearned revenue	-	80,769	-	367,947
Total liabilities	103,357,357	45,961,884	12,399,157	103,403,486
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue	125,361,009	6,243,084	3,802,235	14,395,030
Total deferred inflow of resources	125,361,009	6,243,084	3,802,235	14,395,030
FUND BALANCES				
Nonspendable				
Advances	6,001,760	-	-	-
Long-term receivables	100,280,817	-	-	-
Permanent Fund principal	-	-	-	-
Restricted	-	4,506,602	-	21,687,313
Committed	-	22,696,931	73,758,286	80,081,647
Assigned	5,796,975	-	-	-
Unassigned	20,960,091	-	-	(22,130,501)
Total fund balances	133,039,643	27,203,533	73,758,286	79,638,459
Total liabilities, deferred inflows and fund balances	$ 361,758,009	$ 79,408,501	$ 89,959,678	$ 197,436,975

The accompanying notes are an integral part of these financial statements.

Federal Revenue Fund	Global Commitment Fund	Non-major Governmental Funds	Eliminations	Total Governmental Funds
$ 131,115,428	$ 47,557,325	$ 46,878,896	$ -	$ 485,455,686
-	-	37,443,733	-	58,768,694
-	-	78,111	-	245,875,707
13,403	-	-	-	169,322
255,241,092	-	-	-	274,429,283
1,014,081	31,866,313	141,102	-	76,603,290
135,204,380	121,276,173	1,634,484	-	296,524,408
3,835,303	96,833,689	29,927	(105,129,197)	1,143,086
-	-	-	-	2,925,189
-	-	-	-	85,670,592
-	-	-	-	300,275
-	-	-	-	5,731,874
$ 526,423,687	$ 297,533,500	$ 86,206,253	$ (105,129,197)	$ 1,533,597,406
$ 74,119,236	$ 167,844,551	$ 9,717,705	$ -	$ 337,158,826
7,313,845	4,176,332	859,917	-	40,756,138
740,221	571,451	5,647,499	-	7,448,631
3,269,080	7,663,986	466,692	(105,129,197)	34,310,188
4,604,005	313,204	-	-	4,917,209
-	-	-	-	22,260,703
183,457	-	-	-	632,173
90,229,844	180,569,524	16,691,813	(105,129,197)	447,483,868
10,942	2,834,292	2,398	-	152,648,990
10,942	2,834,292	2,398	-	152,648,990
-	-	-	-	6,001,760
-	-	-	-	100,280,817
-	-	7,416,453	-	7,416,453
436,182,901	114,129,684	28,538,348	-	605,044,848
-	-	33,557,241	-	210,094,105
-	-	-	-	5,796,975
-	-	-	-	(1,170,410)
436,182,901	114,129,684	69,512,042	-	933,464,548
$ 526,423,687	$ 297,533,500	$ 86,206,253	$ (105,129,197)	$ 1,533,597,406

STATE OF VERMONT
RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO THE
STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
JUNE 30, 2015

Total fund balances from previous page	$	933,464,548
Capital assets used in governmental activities (net of internal service funds' capital assets) are not considered financial resources for fund perspective reporting and, therefore, are not reported in the funds [(1)]		2,483,523,472
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to certain funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position		(3,207,034)
Amounts presented in the statement of net position relating to, but not in fund balances due to a different basis of accounting [(1)]		107,227,060
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not considered financial liabilities for fund perspective reporting, and therefore are not reported in the funds [(1)]		(2,777,791,559)
Net position of governmental activities	$	743,216,487

[(1)] Additional information on these amounts can be found in Note II. A.

The accompanying notes are an integral part of these financial statements.

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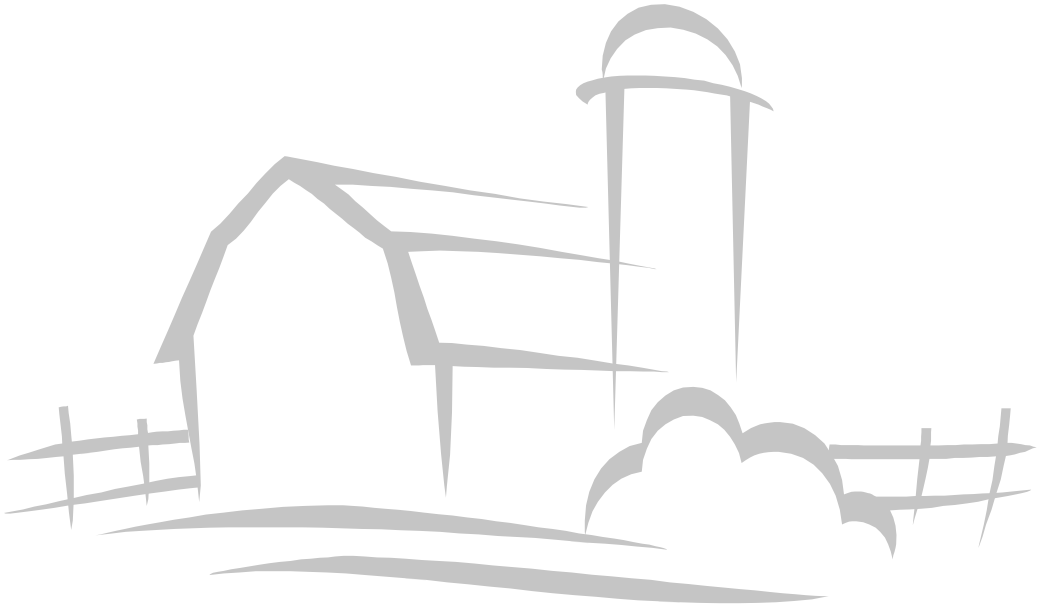

Vermont

STATE OF VERMONT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Transportation Fund	Education Fund	Special Fund
REVENUES				
Taxes				
Personal income tax	$ 704,806,402	$ -	$ -	$ 4,038,766
Corporate income tax	121,163,552	-	-	1,913,820
Sales and use tax	238,118,868	-	128,098,621	1,851,295
Meals and rooms tax	150,911,208	-	-	936,659
Motor fuels tax	-	32,422,588	-	1,389,067
Purchase and use tax	-	64,799,466	32,397,000	-
Statewide education tax	-	-	1,022,319,129	-
Other taxes	138,078,224	63,424,240	1,148,680	276,408,753
Earnings of departments				
Fees	22,067,479	27,588,161	-	74,612,783
Rents and leases	-	2,041,394	-	3,056,701
Sales of services	1,610,115	23,367	-	8,276,506
Federal grants	-	338,577,837	-	-
Fines, forfeits and penalties	3,463,286	4,482,260	-	7,729,083
Investment income	304,938	40,123	78,960	288,018
Licenses				
Business	1,084,390	636,447	-	17,744,485
Non-business	76,995	83,954,118	-	2,115,060
Special assessments	-	191,298	-	70,048,613
Other revenues	10,347,947	2,469,099	-	88,830,849
Total revenues	1,392,033,404	620,650,398	1,184,042,390	559,240,458
EXPENDITURES				
General government	74,490,741	3,924,820	7,842,521	38,109,928
Protection to persons and property	128,210,961	23,029,890	-	138,364,949
Human services	401,635,451	-	4,007,295	65,107,517
Labor	2,950,771	-	-	3,429,196
General education	178,804,787	-	1,488,767,847	20,544,258
Natural resources	28,191,874	-	-	33,076,470
Commerce and community development	14,644,871	-	-	6,998,580
Transportation	-	556,577,674	-	1,648,758
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	828,929,456	583,532,384	1,500,617,663	307,279,656
Excess of revenues over (under) expenditures	563,103,948	37,118,014	(316,575,273)	251,960,802
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of bonds	-	-	-	-
Premium on sale of bonds	3,977,501	-	-	-
Proceeds from the sale of refunding bonds	35,957,290	-	-	247,710
Payment to bond escrow agent	(39,934,791)	-	-	-
Transfers in	50,383,940	-	328,004,893	81,573,661
Transfers out	(605,579,033)	(36,806,611)	-	(354,283,397)
Total other financing sources (uses)	(555,195,093)	(36,806,611)	328,004,893	(272,462,026)
Net change in fund balances	7,908,855	311,403	11,429,620	(20,501,224)
Fund balances, July 1 as restated	125,130,788	26,892,130	62,328,666	100,139,683
Fund balances, June 30	$ 133,039,643	$ 27,203,533	$ 73,758,286	$ 79,638,459

The accompanying notes are an integral part of these statements.

Federal Revenue Fund	Global Commitment Fund	Non-major Governmental Funds	Eliminations	Total Governmental Funds
$ -	$ -	$ -	$ -	$ 708,845,168
-	-	-	-	123,077,372
-	-	-	-	368,068,784
-	-	-	-	151,847,867
-	-	847,082	-	34,658,737
-	-	-	-	97,196,466
-	-	-	-	1,022,319,129
-	-	-	-	479,059,897
-	-	213,778	-	124,482,201
-	-	51,965	-	5,150,060
-	-	-	-	9,909,988
821,748,219	919,192,366	7,641,782	-	2,087,160,204
-	-	14,386	-	15,689,015
416,337	-	665,352	-	1,793,728
-	-	830	-	19,466,152
-	-	7,426,412	-	93,572,585
-	-	-	-	70,239,911
2,238,501	13,054,500	3,293,037	-	120,233,933
824,403,057	932,246,866	20,154,624	-	5,532,771,197
1,151,153	639,239	-	-	126,158,402
53,446,977	91,612	-	-	343,144,389
539,293,772	1,432,922,669	25,000	-	2,442,991,704
23,819,051	-	-	-	30,199,018
122,620,472	5,332,124	1,507,299	-	1,817,576,787
18,961,916	-	17,429,315	-	97,659,575
13,472,179	-	-	-	35,115,630
-	-	-	-	558,226,432
-	-	89,885,030	-	89,885,030
-	-	70,953,767	-	70,953,767
772,765,520	1,438,985,644	179,800,411	-	5,611,910,734
51,637,537	(506,738,778)	(159,645,787)	-	(79,139,537)
-	-	73,555,000	-	73,555,000
-	-	11,559,096	-	15,536,597
-	-	-	-	36,205,000
-	-	-	-	(39,934,791)
3,230,055	543,029,364	72,286,872	(1,053,140,051)	25,368,734
(32,566,653)	(23,782,889)	(6,129,285)	1,053,140,051	(6,007,817)
(29,336,598)	519,246,475	151,271,683	-	104,722,723
22,300,939	12,507,697	(8,374,104)	-	25,583,186
413,881,962	101,621,987	77,886,146	-	907,881,362
$ 436,182,901	$ 114,129,684	$ 69,512,042	$ -	$ 933,464,548

STATE OF VERMONT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total net change in fund balances from the previous page	**$**	**25,583,186**
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period (net of internal service funds) [1]		228,132,110
Repayment of bond principal is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position [1]		89,644,791
Bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position [1]		(120,732,958)
Receivables in the governmental funds that are not available to provide current financial resources are not reported as revenues in the governmental funds		3,374,611
Estimated personal income tax refunds that are not due and payable are not reported as expenditures in the governmental funds		6,387,350
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds [1]		(90,775,458)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities		8,867,341
Total changes in net position of governmental activities as reported on the statement of activities	**$**	**150,480,973**

[1] Additional information on these amounts can be found in Note II. B.

The accompanying notes are an integral part of these financial statements.

PROPRIETARY FUNDS FINANCIAL STATEMENTS

STATE OF VERMONT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-type Activities-Enterprise Funds		
	Unemployment Compensation Trust Fund	Liquor Control Fund	Vermont Lottery Commission
ASSETS			
Current Assets			
Cash and cash equivalents	$ 193,273,478	$ 2,527,225	$ 4,249,821
Receivables			
Taxes receivable, net of allowance for uncollectibles	38,465,095	-	-
Accrued interest receivable	-	-	-
Accounts receivable, net of allowance for uncollectibles	2,056,884	1,102,131	1,983,966
Loans receivable	-	13,738	-
Due from other funds	-	56,688	17,096
Intergovernmental receivables - federal government	552,119	-	-
Inventories, at cost	-	6,558,827	715,973
Prepaid expenses	-	-	-
Total current assets	234,347,576	10,258,609	6,966,856
Restricted and Noncurrent Assets			
Cash - subscription reserve fund	-	-	-
Investments	-	-	1,312,188
Loans receivable	-	-	-
Accounts receivable - subcriptions	-	-	-
Imprest cash and change fund - advances	-	75	300,000
Total restricted assets	-	75	1,612,188
Capital Assets			
Land	-	-	-
Construction in progress	-	1,595,166	-
Works of art	-	-	-
Capital assets being depreciated/amortized			
Machinery, equipment and buildings	-	2,058,441	238,636
Less accumulated depreciation	-	(1,491,117)	(235,503)
Total capital assets, net of depreciation	-	2,162,490	3,133
Total restricted and capital assets	-	2,162,565	1,615,321
Total assets	234,347,576	12,421,174	8,582,177
DEFERRED OUTFLOW OF RESOURCES			
Pension related outflows	-	303,266	107,570
Total deferred outflow of resources	-	303,266	107,570
LIABILITIES			
Current Liabilities			
Accounts payable	-	4,120,023	617,621
Accrued salaries and benefits	-	395,967	151,132
Claims payable	1,874,175	-	-
Due to lottery winners	-	-	166,505
Due to agents	-	296,379	-
Due to other funds	86,842	293,965	8,203
Interfund payable	-	-	-
Future and unclaimed prizes payable	-	-	5,357,946
Unearned revenue	9,316,928	-	180,254
Capital leases payable	-	-	-
Other current liabilities	1,123,903	70,510	-
Total current liabilities	12,401,848	5,176,844	6,481,661
Long-term Liabilities			
Unexpired subscriptions	-	-	-
Due to lottery winners	-	-	947,520
Claims payable	-	-	-
Advances from other funds	-	75	300,000
Capital leases payable	-	-	-
Net pension liabilities	-	1,958,128	692,986
Other noncurrent liabilities	-	13,244	6,472
Total long-term liabilities	-	1,971,447	1,946,978
Total liabilities	12,401,848	7,148,291	8,428,639
DEFERRED INFLOW OF RESOURCES			
Pension related inflows	-	564,835	233,465
Total deferred inflow of resources	-	564,835	233,465
NET POSITION			
Net investment in capital assets	-	2,162,490	3,133
Restricted for unemployment compensation benefits	221,945,728	-	-
Unrestricted (deficit)	-	2,848,824	24,510
Total net position	$ 221,945,728	$ 5,011,314	$ 27,643

The accompanying notes are an integral part of these statements.

Business-type Activities-Enterprise Funds			Governmental Activities
Non-major Enterprise Funds	Eliminations	Total Enterprise Funds	Total Internal Service Funds
$ 2,305,938	$ -	$ 202,356,462	$ 39,260,714
-	-	38,465,095	-
24,359	-	24,359	-
325,693	-	5,468,674	14,058,438
610,641	-	624,379	270,496
90,381	(86,842)	77,323	34,263,520
-	-	552,119	-
425,622	-	7,700,422	2,253,144
49,358	-	49,358	3,358,387
3,831,992	(86,842)	255,318,191	93,464,699
431,697	-	431,697	-
-	-	1,312,188	-
923,281	-	923,281	623,800
7,178	-	7,178	-
200	-	300,275	-
1,362,356	-	2,974,619	623,800
-	-	-	26,156
-	-	1,595,166	2,688,983
-	-	-	8,200
5,809	-	2,302,886	110,368,065
(5,809)	-	(1,732,429)	(58,208,518)
-	-	2,165,623	54,882,886
1,362,356	-	5,140,242	55,506,686
5,194,348	(86,842)	260,458,433	148,971,385
67,207	-	478,043	-
67,207	-	478,043	-
316,156	-	5,053,800	10,729,622
63,508	-	610,607	4,249,647
-	-	1,874,175	18,348,632
-	-	166,505	-
-	-	296,379	-
1,260	(86,842)	303,428	856,894
2,700,823	-	2,700,823	69,004,081
-	-	5,357,946	-
344,824	-	9,842,006	215,599
-	-	-	475,618
-	-	1,194,413	24,953
3,426,571	(86,842)	27,400,082	103,905,046
431,697	-	431,697	-
-	-	947,520	-
-	-	-	37,006,472
200	-	300,275	-
-	-	-	11,387,374
351,241	-	3,002,355	-
3,859	-	23,575	125,385
786,997	-	4,705,422	48,519,231
4,213,568	(86,842)	32,105,504	152,424,277
89,768	-	888,068	-
89,768	-	888,068	-
-	-	2,165,623	43,019,894
-	-	221,945,728	-
958,219	-	3,831,553	(46,472,786)
$ 958,219	$ -	227,942,904	$ (3,452,892)
Adjustment to reflect the consolidation of internal service activities related to enterprise funds.....		(245,858)	
Net Position - Business-type Activities.....		$ 227,697,046	

STATE OF VERMONT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-type Activities-Enterprise Funds		
	Unemployment Compensation Trust Fund	Liquor Control Fund	Vermont Lottery Commission
OPERATING REVENUES			
Charges for sales and services	$ 145,660,013	$ 54,453,482	$ -
Ticket sales	-	-	111,754,881
Rental income	-	-	-
License fees	-	1,685,995	-
Federal donated properties	-	-	-
Advertising revenues	-	-	-
Other operating revenues	-	3,364,388	3,836
Total operating revenues	145,660,013	59,503,865	111,758,717
OPERATING EXPENSES			
Cost of sales and services	-	44,516,915	85,784,989
Claims expense	77,245,419	-	-
Salaries and benefits	-	4,100,169	1,570,125
Insurance premium expense	-	26,663	4,137
Contractual services	-	798,136	155,934
Repairs and maintenance	-	101,415	8,178
Depreciation	-	187,507	2,005
Rental expense	-	102,467	210,233
Utilities and property management	-	478,479	107,768
Non-capital equipment purchased	-	60,669	16,607
Promotions and advertising	-	84,191	700,601
Administration expenses	-	85,259	31,402
Supplies and parts	-	183,577	38,092
Distribution and postage	-	38,151	26,408
Travel	-	45,415	12,920
Other operating expenses	-	6,380,195	167,733
Total operating expenses	77,245,419	57,189,208	88,837,132
Operating income (loss)	68,414,594	2,314,657	22,921,585
NONOPERATING REVENUES (EXPENSES)			
Federal grants	1,459,108	-	-
Gain on disposal of capital assets	-	11,093	-
Investment income	3,643,160	-	6,990
Total nonoperating revenues (expenses)	5,102,268	11,093	6,990
Income (loss) before other revenues, expenses, gains, losses, and transfers	73,516,862	2,325,750	22,928,575
OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS			
Insurance recoveries	-	-	-
Capital contributions	-	-	-
Transfers in	-	107,235	-
Transfers out	(915,666)	(1,089,266)	(22,752,928)
Total other revenues, expenses, gains, losses, and transfers	(915,666)	(982,031)	(22,752,928)
Changes in net position	72,601,196	1,343,719	175,647
Total net position, July 1 as restated	149,344,532	3,667,595	(148,004)
Total net position June 30	$ 221,945,728	$ 5,011,314	$ 27,643

The accompanying notes are an integral part of these financial statements.

Business-type Activities-Enterprise Funds			Governmental Activities
Non-major Enterprise Funds	Eliminations	Total Enterprise Funds	Total Internal Service Funds
$ 4,128,123	$ -	$ 204,241,618	$ 307,643,200
-	-	111,754,881	-
-	-	-	20,893,275
-	-	1,685,995	-
2,127,011	-	2,127,011	-
307,739	-	307,739	-
63,747	-	3,431,971	2,794,565
6,626,620	-	323,549,215	331,331,040
5,577,775	-	135,879,679	38,376,969
-	-	77,245,419	165,597,718
729,457	-	6,399,751	44,055,642
9,696	-	40,496	4,762,875
220,418	-	1,174,488	15,970,450
1,345	-	110,938	9,760,817
-	-	189,512	9,985,234
824	-	313,524	2,903,598
34,728	-	620,975	13,061,011
5,327	-	82,603	2,806,561
82,463	-	867,255	33,381
8,803	-	125,464	8,441,186
4,876	-	226,545	7,979,101
372,948	-	437,507	128,149
5,915	-	64,250	114,650
29,580	-	6,577,508	5,607,655
7,084,155	-	230,355,914	329,584,997
(457,535)	-	93,193,301	1,746,043
-	-	1,459,108	-
-	-	11,093	913,467
37,306	-	3,687,456	33,354
37,306	-	5,157,657	946,821
(420,229)	-	98,350,958	2,692,864
-	-	-	212,170
-	-	-	717,271
915,666	(915,666)	107,235	5,900,582
(893,600)	915,666	(24,735,794)	(632,940)
22,066	-	(24,628,559)	6,197,083
(398,163)	-	73,722,399	8,889,947
1,356,382	-	154,220,505	(12,342,839)
$ 958,219	$ -	$ 227,942,904	$ (3,452,892)

Total change in net position reported above.....	$ 73,722,399
Consolidation adjustment of internal service activities related to enterprise funds.....	22,606
Change in net position - business type activities..	$ 73,745,005

STATE OF VERMONT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-type Activities-Enterprise Funds		
	Unemployment Compensation Trust Fund	Liquor Control Fund	Vermont Lottery Commission
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 143,899,159	$ 54,895,496	$ 111,846,448
Cash paid to suppliers for goods and services	-	(46,808,906)	(7,820,260)
Cash paid to employees for services	-	(4,125,986)	(1,582,214)
Cash paid for prizes and commissions	-	-	(79,409,862)
Cash paid to claimants	(77,439,587)	-	-
Cash paid for fees, operations and other	-	-	(167,733)
Other operating revenues	-	5,050,383	3,836
Other operating expenses	-	(6,380,195)	-
Total cash provided (used) by operating activities	66,459,572	2,630,792	22,870,215
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	107,235	-
Transfers out	(900,992)	(1,089,266)	(22,751,457)
Interfund loans and advances	-	(1,000)	-
Federal grants	1,356,246	-	-
Net cash provided (used) by noncapital financing activities	455,254	(983,031)	(22,751,457)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	(1,375,623)	-
Payment of capital leases	-	-	-
Insurance recoveries	-	-	-
Proceeds from sale of capital assets	-	16,962	-
Net cash provided (used) by capital and related financing activities	-	(1,358,661)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends on investments	3,643,160	-	26,225
Proceeds from sales/maturities of investments	-	-	200,904
Proceeds from loan repayments	-	-	-
Lending payments	-	-	-
Net cash provided (used) by investing activities	3,643,160	-	227,129
Net increase (decrease) in cash and cash equivalents	70,557,986	289,100	345,887
Cash and cash equivalents, July 1	122,715,492	2,238,200	4,203,934
Cash and cash equivalents, June 30	$ 193,273,478	$ 2,527,300	$ 4,549,821
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	$ 68,414,594	$ 2,314,657	$ 22,921,585
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation and amortization	-	187,507	2,005
(Increase) decrease in accounts/taxes receivable	(1,760,854)	482,482	86,122
(Increase) decrease in loans receivable	-	(13,738)	-
(Increase) decrease in due from other funds	-	(56,688)	-
(Increase) decrease in inventory	-	(546,288)	(249,518)
(Increase) decrease in prepaid expenses	-	-	4,067
(Increase) decrease in deferred outflows	-	11,261	3,742
Increase (decrease) in accounts payable	-	201,239	(78,846)
Increase (decrease) in accrued salaries and benefits	-	5,717	6,027
Increase (decrease) in claims payable	523,885	-	-
Increase (decrease) in due to lottery winners	-	-	(200,904)
Increase (decrease) in due to agents	-	14,345	-
Increase (decrease) in future and unclaimed prizes payable	-	-	395,313
Increase (decrease) in due to other funds	-	29,958	1,102
Increase (decrease) in unearned revenues	-	-	1,378
Increase (decrease) in other liabilities	(718,053)	43,135	-
Increase (decrease) in subscription reserves	-	-	-
Increase (decrease) in net pension liabilities	-	(607,630)	(255,323)
Increase (decrease) in deferred inflows	-	564,835	233,465
Total adjustments	(1,955,022)	316,135	(51,370)
Net cash provided (used) by operating activities	$ 66,459,572	$ 2,630,792	$ 22,870,215
Noncash investing, capital, and financing activities:			
Contributions of capital assets to/from other funds	-	-	-
Retirement of assets not fully depreciated	-	-	-
Fair market value of donated inventory sold	-	-	-
Acquisition of capital assets via capital lease	-	-	-

NOTE: Total cash and cash equivalents at June 30 on the cash flow statement is equal to cash/cash equivalents, cash subscription reserve fund, and imprest cash on the Statement of Net Position.

The accompanying notes are an integral part of these financial statements.

Business-type Activities-Enterprise Funds		Governmental Activities
Non-major Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds
$ 4,528,559	$ 315,169,662	$ 335,667,605
(4,315,688)	(58,944,854)	(102,483,432)
(729,840)	(6,438,040)	(44,574,432)
-	(79,409,862)	-
-	(77,439,587)	(161,044,684)
-	(167,733)	-
63,747	5,117,966	2,635,922
(29,730)	(6,409,925)	(5,602,333)
(482,952)	91,477,627	24,598,646
915,666	1,022,901	5,900,582
(893,600)	(25,635,315)	(632,940)
460,159	459,159	(13,190,413)
-	1,356,246	-
482,225	(22,797,009)	(7,922,771)
-	(1,375,623)	(12,974,138)
-	-	(394,983)
-	-	212,170
-	16,962	1,463,937
-	(1,358,661)	(11,693,014)
130	3,669,515	33,354
-	200,904	-
776,060	776,060	684,824
(265,000)	(265,000)	(226,102)
511,190	4,381,479	492,076
510,463	71,703,436	5,474,937
2,227,372	131,384,998	33,785,777
$ 2,737,835	$ 203,088,434	$ 39,260,714
$ (457,535)	$ 93,193,301	$ 1,746,043
-	189,512	9,976,949
63,130	(1,129,120)	(8,429,305)
-	(13,738)	-
19,119	(37,569)	14,886,878
(251,936)	(1,047,742)	(159,505)
59,841	63,908	1,876,451
(10,788)	4,215	-
(106,392)	16,001	(882,766)
1,363	13,107	154,679
-	523,885	4,501,889
-	(200,904)	-
-	14,345	-
-	395,313	-
903	31,963	705,827
199,780	201,158	196,080
-	(674,918)	25,426
(9,479)	(9,479)	-
(80,726)	(943,679)	-
89,768	888,068	-
(25,417)	(1,715,674)	22,852,603
$ (482,952)	$ 91,477,627	$ 24,598,646
-	-	717,271
-	-	(543,168)
-	-	158,643
-	-	10,646,000

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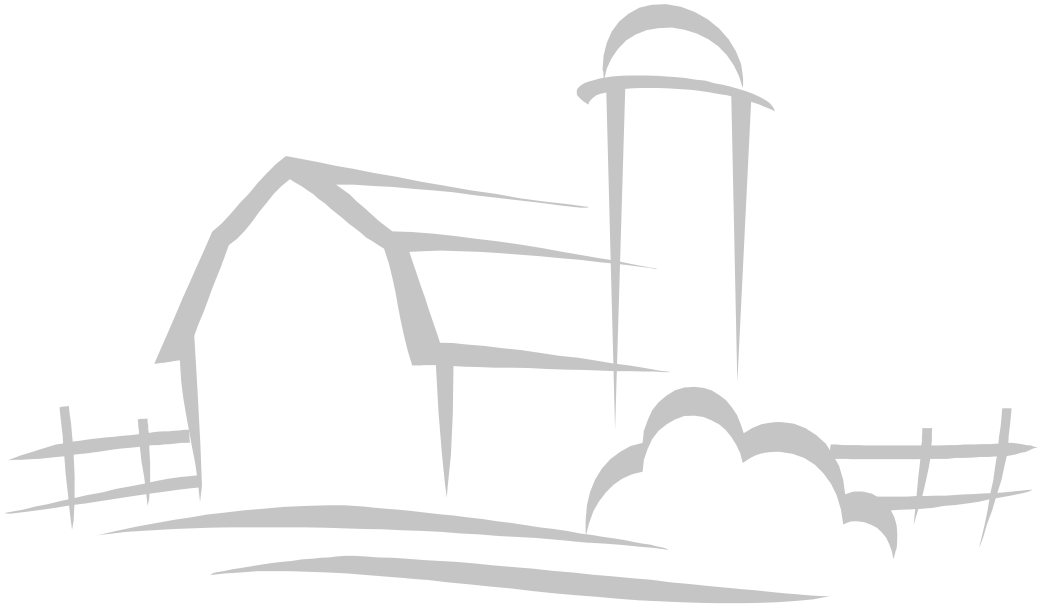

Vermont

FIDUCIARY FUNDS
FINANCIAL STATEMENTS

STATE OF VERMONT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	Pension and Other Postemployment Benefits Trust Funds	Investment Trust Fund	Private Purpose Trust Fund Unclaimed Property Fund	Agency Funds
ASSETS				
Cash and cash equivalents	$ 8,025,335	$ 103,184	$ 5,655,237	$ 6,819,697
Investments at fair value				
Pooled investments	3,787,898,049	153,823,109	-	-
Fixed income	-	-	-	-
Equities	-	-	1,874,725	-
Mutual and commingled funds	166,337,320	-	-	-
Receivables				
Taxes	-	-	-	2,098,768
Contributions - current	13,790,559	-	-	-
Contributions - noncurrent	6,843,069	-	-	-
Interest and dividends	367,567	-	-	-
Other	1,398,851	-	-	1,368,929
Prepaid expenses	2,452,668	-	-	-
Other assets	-	-	4,657,806	-
Capital assets				
Capital assets being depreciated				
Equipment	7,266,471	-	5,363	-
Less accumulated depreciation	(1,825,741)	-	(3,207)	-
Total capital assets, net of depreciation	5,440,730	-	2,156	-
Total assets	3,992,554,148	153,926,293	12,189,924	10,287,394
LIABILITIES				
Accounts payable	4,758,963	149,552	19,091	-
Accrued liabilities	-	-	13,377	-
Claims payable	-	-	8,782,693	-
Interest payable	8,303	-	-	-
Retainage payable	464,210	-	-	-
Due to other funds	13,108	87	224	-
Interfund loans payable	13,954,600	-	-	11,088
Due to depositories	-	-	-	327,474
Intergovernmental payable - other governments	-	-	-	5,535,338
Amounts held in custody for others	-	-	-	2,815,048
Other liabilities	-	-	-	1,598,446
Total liabilities	19,199,184	149,639	8,815,385	$ 10,287,394
NET POSITION				
Restricted for employees' pension benefits	3,950,597,338	-	-	
Restricted for employees' other postemployment benefits	22,757,626	-	-	
Held in trust for pool participants	-	153,776,654	-	
Held in trust for individuals, organizations and other governments	-	-	3,374,539	
Net position held in trust for benefits and other purposes	$ 3,973,354,964	$ 153,776,654	$ 3,374,539	

The accompanying notes are an integral part of these financial statements.

STATE OF VERMONT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Pension and Other Postemployment Benefits Trust Funds	Investment Trust Fund	Private Purpose Trust Fund Unclaimed Property Fund
ADDITIONS			
Contributions			
Employer - pension benefit	$ 72,458,068	$ -	$ -
Employer - healthcare benefit	29,028,016	-	-
Non-employer - pension benefit	72,908,805	-	-
Non-employer - healthcare benefit	11,052,007	-	-
Plan member	83,036,958	-	-
Transfers from non-state systems	182,967	-	-
Medicare part D drug subsidy	17,860	-	-
Other revenues	3,595,400	-	-
Total contributions	272,280,081	-	-
Investment Income			
Net appreciation/(depreciation) in fair value of investments	(1,428,644)	-	-
Income from pooled investments	(5,010,099)	(37,902)	-
Dividends	6,660,488	-	-
Interest income	527,422	-	15,061
Other income	415,730	9,691	-
Total investment income	1,164,897	(28,211)	15,061
Less Investment Expenses			
Investment managers and consultants	14,563,373	573,021	-
Total investment expenses	14,563,373	573,021	-
Net investment income	(13,398,476)	(601,232)	15,061
Pool participant deposits	-	3,180,721	-
Escheat property remittances	-	-	1,825,668
Total additions	258,881,605	2,579,489	1,840,729
DEDUCTIONS			
Retirement benefits	288,494,686	-	-
Other postemployment benefits	53,339,624	-	-
Refunds of contributions	6,410,041	-	-
Death claims	756,958	-	-
Depreciation	643,694	-	1,459
Operating expenses	5,213,579	45,299	710,672
Pool participant withdrawal	-	1,200,000	-
Total deductions	354,858,582	1,245,299	712,131
Change in net position			
Restricted for employees' pension benefits	(86,784,711)	-	-
Restricted for employees' other postemployment benefits	(9,192,266)	-	-
Held in trust for pool participants	-	1,334,190	-
Held in trust for individuals, organizations and other governments	-	-	1,128,598
Net Position, July 1	4,069,331,941	152,442,464	2,245,941
Net Position, June 30	$ 3,973,354,964	$ 153,776,654	$ 3,374,539

The accompanying notes are an integral part of these financial statements.

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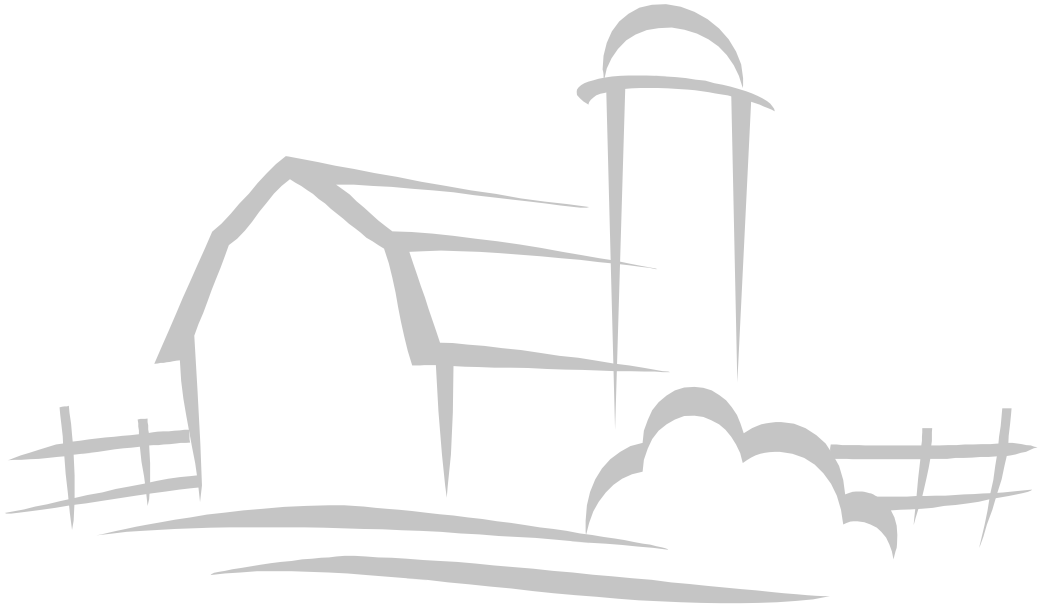

Vermont

DISCRETELY PRESENTED COMPONENT UNITS FINANCIAL STATEMENTS

STATE OF VERMONT
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2015

	Vermont Student Assistance Corporation	University of Vermont and State Agricultural College	Vermont State Colleges	Vermont Housing Finance Agency	Non-major Component Units	Total Component Units
ASSETS						
Current Assets						
Cash and cash equivalents	$ 25,906,000	$ 73,228,000	$ 8,607,778	$ 325,000	$ 32,118,094	$ 140,184,872
Investments	4,527,000	149,861,000	3,220,623	4,070,000	18,518,092	180,196,715
Accounts receivable, net	-	31,599,000	10,637,361	-	1,668,065	43,904,426
Accrued interest receivable - loans	8,673,000	-	-	3,200,000	2,416,694	14,289,694
Accrued interest receivable - investments	17,000	-	-	178,000	-	195,000
Loans and notes receivable - current portion	147,955,000	1,464,000	-	17,195,000	82,376,512	248,990,512
Other receivables	1,459,000	2,608,000	-	943,000	554,778	5,564,778
Due from federal government	190,000	16,362,000	-	-	4,194,578	20,746,578
Due from primary government	-	-	-	-	395,000	395,000
Inventories, at cost	-	1,583,000	489,165	-	274,284	2,346,449
Other current assets	425,000	10,444,000	1,530,668	-	875,864	13,275,532
Total current assets	189,152,000	287,149,000	24,485,595	25,911,000	143,391,961	670,089,556
Restricted and Noncurrent Assets						
Cash and cash equivalents	48,643,000	21,233,000	677,095	64,562,000	5,073,844	140,188,939
Investments	4,444,000	394,487,000	49,777,168	159,722,000	81,159,507	689,589,675
Loans and notes receivable, net	948,279,000	24,345,000	5,352,816	292,781,000	865,907,251	2,136,665,067
Other assets	-	645,000	19,273	2,527,000	23,483,745	26,675,018
Total restricted and noncurrent assets	1,001,366,000	440,710,000	55,826,352	519,592,000	975,624,347	2,993,118,699
Capital Assets						
Land	3,150,000	30,600,000	9,929,364	50,000	849,486	44,578,850
Construction in progress	-	10,380,000	1,621,470	-	4,085,657	16,087,127
Capital assets, being depreciated						
Buildings and leasehold improvements	17,168,000	762,732,000	255,961,284	1,796,000	33,494,815	1,071,152,099
Equipment, furniture and fixtures	9,987,000	163,892,000	32,248,362	1,374,000	7,595,712	215,097,074
Infrastructure	-	-	38,254,321	-	-	38,254,321
Less accumulated depreciation	(14,488,000)	(448,414,000)	(157,131,169)	(2,508,000)	(21,096,562)	(643,637,731)
Total capital assets, net of depreciation	15,817,000	519,190,000	180,883,632	712,000	24,929,108	741,531,740
Total assets	1,206,335,000	1,247,049,000	261,195,579	546,215,000	1,143,945,416	4,404,739,995
Deferred Outflows of Resources						
Loss on refunding of bonds payable	-	3,676,000	-	-	18,330,775	22,006,775
Interest rate swaps	-	-	11,024,967	5,332,000	-	16,356,967
Pension related outflows	-	-	-	-	933,858	933,858
Total deferred outflows of resources	-	3,676,000	11,024,967	5,332,000	19,264,633	39,297,600

The accompanying notes are an integral part of these financial statements.

continued on next page

	Vermont Student Assistance Corporation	University of Vermont and State Agricultural College	Vermont State Colleges	Vermont Housing Finance Agency	Non-major Component Units	Total Component Units
LIABILITIES						
Current Liabilities						
Accounts payable and accrued liabilities	3,028,000	57,300,000	12,867,683	544,000	3,757,846	77,497,529
Accrued interest payable	-	-	-	3,603,000	189,000	3,792,000
Bond interest payable	434,000	-	-	-	2,229,876	2,663,876
Unearned revenue	5,636,000	42,718,000	6,477,785	-	295,000	55,126,785
Other current liabilities	-	-	-	612,000	974,170	1,586,170
Current portion of long-term liabilities	1,600,000	8,657,000	4,661,213	17,010,000	212,163,140	244,091,353
Due to primary government	-	-	-	-	2,925,189	2,925,189
Escrowed cash deposits	-	-	-	2,489,000	169,000	2,658,000
Advances from primary government	-	-	-	-	5,731,874	5,731,874
Total current liabilities	10,698,000	108,675,000	24,006,681	24,258,000	228,435,095	396,072,776
Noncurrent liabilities						
Bonds, notes and leases payable	985,080,000	444,014,000	122,514,996	441,104,000	608,033,932	2,600,746,928
Accounts payable and accrued liabilities	-	17,956,000	50,035	-	-	18,006,035
Accrued arbitrage rebate	1,875,000	-	-	-	192,176	2,067,176
Net pension liabilities	-	-	-	-	6,204,576	6,204,576
Net other postemployment benefits obligation	-	173,417,000	54,733,504	-	-	228,150,504
Other liabilities	-	-	17,237,722	5,542,000	6,124	22,785,846
Total noncurrent liabilities	986,955,000	635,387,000	194,536,257	446,646,000	614,436,808	2,877,961,065
Total liabilities	997,653,000	744,062,000	218,542,938	470,904,000	842,871,903	3,274,033,841
Deferred Inflows of Resources						
Gain on refunding of bonds payable	42,307,000	-	-	-	-	42,307,000
Pension related inflows	-	-	-	-	1,941,609	1,941,609
Total deferred inflows of resources	42,307,000	-	-	-	1,941,609	44,248,609
NET POSITION						
Net investment in capital assets	15,817,000	73,660,000	56,533,789	712,000	22,354,108	169,076,897
Restricted						
Endowments - expendable	-	304,900,000	9,331,469	-	-	314,231,469
Endowments - nonexpendable	4,753,000	109,056,000	17,180,471	-	-	130,989,471
Grants and scholarships	1,028,000	-	-	-	-	1,028,000
Bond resolution	51,850,000	-	-	75,833,000	-	127,683,000
Interest rate subsidies	-	-	-	-	349,000	349,000
Investment in limited partnerships	-	-	-	-	4,229,000	4,229,000
Collateral for commercial paper program	-	-	-	-	20,091,000	20,091,000
Infrastructure investments	-	-	-	-	3,557,774	3,557,774
Project and program commitments	-	-	-	-	36,909,274	36,909,274
Loans receivable	-	-	-	-	192,485,064	192,485,064
Unrestricted	92,927,000	19,047,000	(29,368,121)	4,098,000	38,421,317	125,125,196
Total net position	$ 166,375,000	$ 506,663,000	$ 53,677,608	$ 80,643,000	$ 318,396,537	$ 1,125,755,145

STATE OF VERMONT
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2015

	Vermont Student Assistance Corporation	University of Vermont and State Agricultural College	Vermont State Colleges	Vermont Housing Finance Agency	Non-major Component Units	Total Component Units
Expenses						
Salaries and benefits	$ 20,978,000	$ 402,092,000	$ 122,588,022	$ 3,168,000	$ 21,935,447	$ 570,761,469
Other expenses	32,360,000	193,109,000	46,535,092	4,186,000	52,215,714	328,405,806
Scholarship, grants and fellowships	24,880,000	16,405,000	6,741,524	-	-	48,026,524
Depreciation	964,000	26,596,000	14,087,773	72,000	1,723,518	43,443,291
Interest on debt	5,619,000	20,544,000	5,758,495	16,886,000	1,642,000	50,449,495
Total expenses	84,801,000	658,746,000	195,710,906	24,312,000	77,516,679	1,041,086,585
Program Revenues						
Charges for services	49,627,000	393,763,000	118,628,876	840,000	47,733,682	610,592,558
Operating grants and contributions	32,818,000	242,317,000	64,452,772	-	30,447,178	370,034,950
Capital grants and contributions	-	1,562,000	1,495,970	-	-	3,057,970
Total program revenues	82,445,000	637,642,000	184,577,618	840,000	78,180,860	983,685,478
Net revenue (expense)	(2,356,000)	(21,104,000)	(11,133,288)	(23,472,000)	664,181	(57,401,107)
General Revenues						
Property transfer tax	-	-	-	-	14,954,840	14,954,840
Investment income	239,000	4,372,000	358,253	26,151,000	5,878,107	36,998,360
Additions to non-expendable endowments	-	-	520,945	-	-	520,945
Miscellaneous	-	408,000	-	831,000	765,704	2,004,704
Total general revenues	239,000	4,780,000	879,198	26,982,000	21,598,651	54,478,849
Changes in net position	(2,117,000)	(16,324,000)	(10,254,090)	3,510,000	22,262,832	(2,922,258)
Net position - beginning, as restated	168,492,000	522,987,000	63,931,698	77,133,000	296,133,705	1,128,677,403
Net position - ending	$ 166,375,000	$ 506,663,000	$ 53,677,608	$ 80,643,000	$ 318,396,537	$ 1,125,755,145

The accompanying notes are an integral part of these financial statements.

STATE OF VERMONT
NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2015

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Note I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of Vermont (State) have been prepared in accordance with generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting policies.

Newly implemented in these financial statements are the requirements of three new GASB statements. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* requires that employers and non-employer contributing entities report a net pension liability and related pension expense as determined by the pension plans under the requirements contained in GASB Statement No. 67, *Financial Reporting for Pension Plans*. GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, provides accounting and financial reporting guidance for government combinations and disposals of government operations. GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, requires that upon implementation of GASB Statement No. 68, a government recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability.

The accompanying financial statements present the financial position of the State, the results of operations of the State and the various funds and fund types, and the cash flows of the various proprietary funds. The financial statements are presented as of and for the period ending June 30, 2015.

The following is a summary of the more significant accounting policies employed in the preparation of these financial statements.

A. Financial Reporting Entity

The State of Vermont's Primary Government is comprised of three branches: the Executive Branch, with the Governor as the chief executive officer; the Legislative Branch, with a Senate of 30 members and a House of Representatives of 150 members; and the Judicial Branch, with Supreme and Superior Courts and the Judicial Bureau.

The basic financial statements include all funds, agencies, boards, commissions and organizations of the primary government (the State), as well as component units that have been determined to meet the requirements for inclusion in the State's financial reporting entity.

Component Units are entities that, although legally separate from the State, have been included because they are either financially accountable to the State, or have relationships with the State such that exclusion would cause the State's financial statements to be misleading or incomplete. These component units are financially accountable to the State if the State appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, or if there is a potential for the organization to provide a financial benefit or financial burden to the State. Alternatively, for those organizations where the State does not appoint a voting majority, an organization is financially accountable to the State if the organization is fiscally dependent and the organization provides a financial benefit or financial burden to the State.

Component unit activity may be "blended" into the activity of the primary government or may be reported separately. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. If they are reported separately, they are called "discretely presented component units" and are reported in a separate column in the government-wide financial statements to emphasize that

they are legally separate from the primary government. Each discretely presented component unit's designation as either "major" or "non-major" has been determined by the entity's relative significance to the State. Additional information as well as separately issued financial reports may be obtained by contacting the individual entity desired at the address given in the following text.

Discretely Presented Major Component Units

The "Discretely Presented Component Units" contained in the government-wide financial statements report the financial results of the following entities:

Vermont Student Assistance Corporation (VSAC) – VSAC was established by the Vermont Legislature to provide opportunities for persons who are residents of Vermont to attend colleges or other institutions of higher education by awarding grants and by making, financing, servicing, and guaranteeing loans to qualifying students. The Governor of the State appoints five of the eleven members of the Board of Directors and the State Legislature appoints two additional members. The State of Vermont has the ability to impose its will upon VSAC through its ability to change or alter the organization, structure or programs. For further information, contact their administrative offices at 10 East Allen Street, P.O. Box 2000, Winooski, Vermont 05404.

University of Vermont (UVM) - The University of Vermont's financial report includes both the University and the State Agricultural College. The State appoints twelve of the twenty-three voting members of the Board of trustees. The State has assumed an obligation to provide financial support through its annual appropriation and is obligated to maintain the University's debt service reserves. Additional information may be obtained by contacting the university's administrative offices at 348 Waterman Building, Burlington, Vermont 05405.

Vermont State College System (VSC) – The Vermont State College System's annual report includes the financial activity for the following organizations:

System Offices and Services
Community College of Vermont
Castleton State College
Johnson State College
Lyndon State College
Vermont Technical College
Vermont Interactive Television
Allied Health Nursing Program
Vermont Manufacturing Extension Center

The Governor, with the advice and consent of the Senate, appoints nine of the fifteen members of the board of trustees, and the legislature appoints an additional four members. The State has assumed an obligation to provide financial support through its annual appropriations and has assumed an obligation to maintain VSC's debt service reserves. Additional information about the system itself or about any of the individual organizations included in the system may be obtained by contacting the Office of the Chancellor, Vermont State Colleges, PO Box 7, Montpelier VT 05601.

Vermont Housing Finance Agency (VHFA) – The VHFA was created in 1974 by an Act of the General Assembly of the State of Vermont for the purpose of financing and promoting affordable, safe and decent housing opportunities for low- and moderate-income Vermonters. The State appoints voting members of VHFA's board of commissioners. The State is able to impose its will on the organization as the Governor can remove any member of the board at will. The State also has an obligation to maintain the organization's debt reserves. Further information may be obtained by contacting the Agency's administrative offices at 164 Saint Paul Street, Burlington, VT 05401.

Discretely Presented Non-major Component Units

*Vermont Economic Development Authority (VEDA)** – VEDA, a tax-exempt entity, was created by the Vermont Legislature for the purpose of promoting economic prosperity in the State by directly financing eligible

businesses and projects including manufacturing, agricultural, and travel and tourism enterprises; and by operating programs which provide eligible borrowers with access to capital. The authority has 15 voting members consisting of the Secretary of the Agency of Commerce and Community Development, the State Treasurer, the Secretary of Agriculture, Food and Markets, the Commissioner of Forest, Parks, & Recreation, and the Commissioner of Public Service or a designee of any of the above; and ten members, who are residents of the State of Vermont and appointed by the Governor with the advice and consent of the senate. The State has the ability to impose its will on the entity as the Governor can remove members at will and the State can change the structure and activities of the organization at any time. The entity's services primarily benefit the Vermont citizenry.

VEDA also administers the State Infrastructure Bank (SIB), the Drinking Water State Revolving Loan Fund – Private Loans, the Brownfields Revitalization Fund, and the Clean Energy Development Fund. These four funds are administered for the benefit of the State and are consolidated and reported in VEDA's agency fund. Audited financial statements and additional information may be obtained by contacting VEDA at 58 East State Street, Suite 5, Montpelier, Vermont 05602.

Vermont Housing and Conservation Board (VHCB) – The Legislature created and charged this organization with two goals: create affordable housing for Vermont residents; and conserve and protect Vermont's agricultural lands, historic properties, important natural areas, and recreational lands. The VHCB's Board of Directors is appointed by the Governor of the State of Vermont and there is a material financial relationship. Funding for the organization is provided by the Legislature, comprised of 50% of the revenue from the property transfer tax, plus other monies appropriated from time to time. The VHCB issues audited financial statements under separate cover. Additional information may be obtained by contacting them at 58 East State Street,, Suite 5 Montpelier, Vermont 05602.

Vermont Sustainable Jobs Fund, Inc. (VSJF) – The Vermont Legislature established the Sustainable Jobs Fund Program to create quality jobs that are compatible with Vermont's natural and social environment. In accordance with enabling legislation the VSFJ, a non-profit 503(c)(3) corporation was established to implement the program in order to fulfill the goals of the jobs program as listed in 10 V.S.A. 326(a). The VSJF's Board of Directors consists of the Secretary of the Agency of Commerce and Community Development, the Secretary of the Agency of Agriculture, Food and Markets, a director appointed by the Governor, and eight independent directors, no more than two of whom can be State government employees or officials. The independent directors are selected as vacancies occur by vote of the existing directors. The VSJF is included as a component unit of the State as it is closely related and financially integrated with the State of Vermont. Audited financial statements and additional information may be obtained by contacting them at 3 Pitkin Court, Suite 301, Montpelier, Vermont 05602.

Vermont Municipal Bond Bank (VMBB) – The Vermont Legislature established the VMBB for the express purpose of fostering and promoting adequate capital markets and facilities for borrowing money by governmental units of the State of Vermont for the financing of public improvements or other public purposes. The Governor appoints the four directors, and can remove members at will. VMBB is authorized, with written consent of the Governor and the State Treasurer, to carry out these charges by borrowing money or by issuing its own bonds and notes to obtain funds which are then utilized to purchase bonds and notes issued by local governmental entities. The State is obligated annually to appropriate any funds necessary to maintain required reserves of the bond bank. The VMBB has an annual fiscal year (December 31) and issues audited financial statements under separate cover.

VMBB also administers the Special Environmental Revolving Fund in accordance with 24 V.S.A. 4753(b). This fund was created by the Vermont Legislature for the purpose of fostering and promoting timely expenditures by municipalities for water supply, water pollution control, and solid waste management. The fund has a June 30 year-end and issues its own audited financial statements. For financial reporting purposes, its financial statements have been consolidated with the State's Federal Revenue Fund financial statements in this CAFR. Further information regarding VMBB or the Special Environmental Revolving Fund may be obtained by contacting VMBB at 20 Winooski Falls Way, Winooski VT 05404.

Vermont Educational and Health Buildings Financing Agency (VEHBFA) – VEHBFA is a non-profit entity which finances or assists in the financing of projects for eligible Vermont educational or health related entities. The majority of the Board of VEHBFA is appointed by the Governor of the State. The Board may appoint officers, agents, consultants and employees and fix their compensation, subject to approval of the Governor. It has a December 31 (annual) year-end and issues audited financial statements under separate cover. For additional information, they may be contacted at 20 Winooski Falls Way, Winooski VT 05404.

Vermont Center For Geographic Information (VCGI) –VCGI was established as a public non-profit chartered by the State of Vermont to assist the Vermont GIS Community with creating a comprehensive strategy for the development and use of a geographic information system. Under the terms of Act 179 of 2014, the VCGI ceased operations as a non-profit corporation, and all remaining assets and liabilities were merged into the State's Agency of Commerce and Community Development. The accounting and financial reporting for the merger was in accordance with GASB Statement No. 69. Additional information can be found in note V. F.

Vermont Veterans' Home – The Vermont Veterans' Home was originally chartered in 1884 by the Vermont Legislature and incorporated on November 24, 1884. A Board of Trustees appointed by the Governor oversees the operations of the Vermont Veterans' Home. The State can impose its will on the entity as directors serve at the pleasure of the Governor. The Vermont Veterans' Home is financially accountable to the State as the State provides all funding and controls the finances of the Home. The Vermont Veterans' Home issues its own audited financial statements under separate cover. Additional information may be obtained by contacting them at 325 North Street, Bennington, Vermont 05201.

Vermont Rehabilitation Corporation – The Vermont Rehabilitation Corporation is a non-profit quasi-public corporation that was incorporated in 1935 in accordance with 10 V.S.A. 272-277. Its main purpose is to provide a limited source of loan funds to family farmers or prospective family farmers under terms and conditions which will reduce their investment costs to an extent that offers them a reasonable chance to succeed. The Vermont Rehabilitation Corporation had been included as a component unit of the State as it was closely related and financially integrated with the State of Vermont. The corporation was dissolved in fiscal year 2015 and the remaining assets granted to the Vermont Economic Development Authority

Vermont Telecommunications Authority – The Vermont Telecommunications Authority was created in June 2007, pursuant to 30 V.S.A. 8061, for the purposes of ensuring that all regions of the State have access to affordable broadband and mobile telecommunications services and promoting and facilitating ongoing upgrades in statewide telecommunications infrastructure in the most efficient and economically feasible manner. The State appoints all members of the Vermont Telecommunications Authority and the State has the ability to impose its will on the entity as it must approve all bonds issued by the authority. Additional information may be obtained by contacting the corporation at 100 State Street, Suite 342, Montpelier VT 05620-3205.

Vermont Transportation Authority (VTA) – The Vermont Legislature specifically authorized the creation of VTA pursuant to the acquisition, operation, and support of an authorized transportation facility as defined in 29 V.S.A. 701. All members of the authority are appointed by the Governor, and all resources revert to the State on termination of the authority. The VTA, currently inactive, has remained in the State Statutes in case it becomes necessary to reactivate it in the future. Additional information may be obtained from the Agency of Transportation – Rail Division, National Life Building, Montpelier, Vermont 05633–5001.

∗- Indicates entity was audited by KPMG LLP.

Joint Ventures

A joint venture is a legal entity or other contractual arrangement that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or responsibility. The Tri-State Lotto Commission (31 V.S.A. 673) is classified as a joint venture. The financial activities' of this organization have not been included in the State's financial statements; however, see Note V. E. for additional information regarding the organization.

Jointly-governed Organizations

The following organizations are classified as jointly-governed organizations, because they represent units over which control is exercised jointly by the State along with various other governmental agencies. There is no specific ongoing financial benefit or burden for the State associated with these organizations, which distinguishes these arrangements from those classified as joint ventures. The financial activities of these organizations are not included in the State's financial statements.

Connecticut River Valley Flood Control Commission (10 V.S.A. 1153)
New England Board of Higher Education (16 V.S.A. 2692)
New England Interstate Water Pollution Control Commission (10 V.S.A. 1333)
Northeastern Forest Fire Protection Commission (10 V.S.A. 2503)

Related Organizations

Related organizations are separate legal entities for which the primary government appoints a voting majority of the board members, but does not have either (a) the ability to impose its will on the organization or (b) a relationship of financial benefit or burden with the organization. The Vermont State Housing Authority (24 V.S.A. 4005) has been classified as a related organization, and thus their financial activity has not been included in the State's financial statements.

Excluded Organizations

The following entities have been determined not to be part of the reporting entity after applying the criteria of GASB Statement No. 14 "The Financial Reporting Entity", as amended by GASB Statements No. 61.

Vermont Information Technology Leaders (VITL)
Vermont Council on the Humanities
Vermont Council on the Arts
Vermont Historical Society
Vermont Public Power Supply Authority
Connecticut River Atlantic Salmon Commission (10 V.S.A. 4654)
Texas Low Level Radioactive Waste Disposal Compact (10 V.S.A. 7013)

These organizations have not been included in the reporting entity because they are legally separate entities and the voting majority of their governing boards are not appointed by the State. They are not fiscally dependent on the State's primary government and exclusion from the reporting entity would not render Vermont's financial statements incomplete or misleading.

B. Basis of Presentation—Government-wide Financial Statements

The basic financial statements of the State of Vermont include both *government-wide statements* and *fund financial statements*. The focus of the government-wide statements is on reporting the operating results and financial position of the State as a whole and present a longer-term view of the State's finances. The focus of the fund financial statements is on reporting on the operating results and financial position of the most significant funds of the State and present a shorter-term view of how operations were financed and what remains available for future spending.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, although the latter are excluded from the government-wide financial statements.

The State of Vermont's Government-wide Financial Statements (the Statement of Net Position and the Statement of Activities) report information on all of the financial activities of both the primary government and its component units, except fiduciary activity. Fiduciary fund activity has not been included in these entity-wide

statements in accordance with the requirements of GASB Statement No. 34. For the most part, the effect of interfund activity has also been removed from these government-wide statements. Primary government activities are segregated between governmental activities and business-type activities. Governmental activities' sources of revenues are normally taxes and inter-governmental revenues. Business-type activities rely, to a significant extent, on fees and charges for support. Further, the primary government is reported separately from its legally separate discretely presented component units.

The Statement of Activities demonstrates the degree to which direct expenses of a given function, segment, or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use, or directly benefit from goods or services provided by a given function, segment, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Items not properly included among program revenues are reported instead as general revenues. Taxes and other resources that are dedicated internally are reported as general revenues rather than as program revenues. The State does not allocate general government (indirect) expenses to other functions.

Net position (the amount by which assets and deferred outflows exceed liabilities and deferred inflows) are reported on the Statement of Net Position in three components:

(1) Net investment in capital assets– total amount of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds and other debt that are related to the acquisition or construction of those assets, including related deferred outflows of resources and deferred inflows of resources;

(2) Restricted – for amounts when constraints placed on the net position are either externally imposed, or are imposed by constitutional provisions or enabling legislation.

(3) Unrestricted – the total net position which do not fit the two preceding categories.

When both restricted and unrestricted resources are available for use, generally it is the State's policy to use restricted assets first with unrestricted resources utilized as needed.

C. Basis of Presentation—Fund Financial Statements

The financial activities of the State are recorded in individual funds, each of which is deemed to be a separate accounting entity. A fund is defined as a separate accounting entity with a self-balancing set of accounts. The State uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds, and discretely presented component units. Major governmental funds, major proprietary funds, and major component units are reported in individual columns in their respective fund financial statements. Non-major funds and component units are combined and reported in a single column. The single test for classifying a fund as either major or non-major consists of applying the following two steps:

a. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding element total (assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, etc.) for all funds in that category or type (that is total governmental or total enterprise), **and**
b. The same element that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and enterprise funds combined.

In addition to the above major fund criteria, any other governmental or enterprise fund that government officials believe is particularly important to financial statement users (i.e. because of public interest or for consistency) may be reported as a major fund.

The financial activities of the State reported in the accompanying financial statements have been classified into the following governmental, proprietary and fiduciary funds:

Governmental Funds

General Fund – The Vermont Legislature has established the General Fund as the basic operating fund of the State. As such, the General Fund is used to finance and to account for all expenditures for which no special revenues have otherwise been provided by law. All revenues received by the State and not otherwise required by law to be deposited in any other designated fund or used for any designated purpose are deposited in the General Fund. Unexpended and/or unencumbered appropriation balances will, unless otherwise directed by law, revert to fund balance at the end of the fiscal year to be re-appropriated in the future.

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects, and include the following:

Transportation Fund – This fund is a major special revenue fund. It is used primarily for preservation, maintenance, and improvements to the State's transportation infrastructure. This infrastructure includes highways, bridges, railroads, airports, public transportation, and other related activities. The fund is also used for construction of transportation capital facilities. The primary sources of revenue in this fund are motor fuel taxes, motor vehicle purchase and use tax, motor vehicle license and registration fees, traffic ticket revenue, other statutorily specified revenues, as well as reimbursements from the federal government for transportation projects.

Education Fund – This fund is a major special revenue fund. It was established by the Vermont Legislature to equalize statewide education funding requirements. Sources of funding and allowable expenditures are codified in 16 V.S.A. 4025. These allowable expenditures include payments to school districts and supervisory unions for the support of education, the costs of short-term borrowing, and statewide education tax income sensitivity adjustments. Funding includes the statewide education tax, allocations of other taxes, State lottery profits, Medicaid reimbursements, and appropriated transfers from the General Fund.

Special Fund – This fund is a major special revenue fund. It combines many individual special revenue funds that account for proceeds or specific revenues not categorized above that are limited to expenditures for specific purposes. These purposes cross the entire range of State government activities.

Federal Revenue Fund – This fund is a major special revenue fund. All federal grant receipts are recorded in this fund except for those federal funds specifically designated for human services as part of the global commitment to health Medicaid waiver, transportation or fish and wildlife purposes (which are recorded in the State's Global Commitment Fund, Transportation Fund or Fish and Wildlife Fund respectively).

Global Commitment (to Health) Fund – This fund is a major special revenue fund created in accordance with Section16c of 33 V.S.A. 1901(e). It is the result of Vermont entering into a Medicaid demonstration waiver agreement with the Federal Government. The original waiver agreement was amended on January 1, 2011, was renewed on October 2, 2013, and will expire on December 31, 2016. This agreement was amended January 30, 2015, bringing the former Choices for Care demonstration waiver into the Global Commitment demonstration waiver. This agreement caps Federal expenditures in Medicaid services, but gives Vermont great latitude in promoting universal access to health care, cost containment, and effective administration. The State will be financially at risk for managing costs within

the capped limits but stands to benefit from any savings realized from program efficiencies. As part of the agreement, the Agency of Human Resources (AHS) has contracted with the Department of Vermont Health Access (DVHA), which serves as a publicly sponsored managed care organization, and adheres to all Federal managed care organization regulations.

In addition to the grant received from the Federal Government, General and Special Fund resources are used to fund payments from the Agency of Human Services to the DVHA for the purpose of providing services under the global commitment to health care waiver approved by the Federal Centers for Medicare and Medicaid Services under Section 1115 of the Social Security Act. These payments are reported as transfers out of the General and Special Funds and as transfers in to the Global Commitment Fund. These funds will be expended as appropriated by the general assembly, authorized by the Director of the DVHA, and approved by the Commissioner of Finance and Management consistent with agreements between the DVHA and departments delivering eligible services under the waiver. These resources paid to the Global Commitment Fund are adjusted by the AHS each quarter to the actual expenditures paid.

Non-major governmental funds column includes the balances and activities of the following:

Fish and Wildlife Fund – This fund is a non-major special revenue fund. The fund's revenue is committed by statute and can only be utilized for fish and wildlife purposes. Principal sources of revenue include license fees and federal grants.

Capital Projects Funds – These funds, consisting of the General Obligation Bond Projects Fund and the Transportation Infrastructure Bond Projects Fund, are non-major governmental funds, and account for and report financial resources that are restricted, committed, or assigned to be used for expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. These capital expenditures may be for the State directly or for outside organizations such as the Vermont State College System, municipalities, etc.

Debt Service Funds—These funds, consisting of the General Obligation Debt Service Fund and the Transportation Infrastructure Debt Service Fund, are non-major governmental funds, and account for and report financial resources that are restricted, committed, or assigned to be used for expenditures for bond principal and interest.

Permanent Funds – These are non-major governmental funds that report resources that are legally restricted to the extent that only earnings, not principal, may be expended for purposes that benefit the government or citizenry, such as higher education, cemetery care, and monument preservation.

Proprietary Funds

These funds account for those activities for which the intent of management is to recover the cost of providing goods or services to the general public or other departments of government primarily through user charges; or where prudent financial management dictates that periodic determinations of results of operations are appropriate. These funds include the following types:

Enterprise Funds – These nine funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The State's intent in these funds is to recover the costs including depreciation expense associated with providing the goods and services to the public primarily through user charges. Three of these enterprise funds, reporting the activities of the State's unemployment compensation program, the liquor control board, and the State's lottery program, are reported as "major funds" while the remaining six are reported as non-major funds.

Unemployment Compensation Trust Fund – accounts for federal monies and unemployment taxes collected from employers to provide payment of benefits to the unemployed (21 V.S.A. Chapter 17).

Liquor Control Fund – accounts for the operations of the Liquor Control Board which purchases, distributes, and sells distilled spirits through its agency stores (7 V.S.A. Chapter 40).

Vermont Lottery Commission – accounts for the operations of the Vermont Lottery (31 V.S.A. Chapter 14). The net profits of the Vermont Lottery Commission are used to support public education and are transferred monthly to the Education Fund.

Internal Service Funds – These twenty-three separate funds are used to account for the financing of goods and services provided by one State department to other State agencies, departments, or intergovernmental units. Their objective is not to make a profit but rather to recover the total cost of providing these goods and services by charging users of their services and products. Activities accounted for in the State's internal service funds include risk management; employee group insurance programs; equipment acquisition and maintenance; rental and maintenance of facilities; financial, human resource, audit, and information technology services; postage, copying and supply procurement services; and State vehicle fleet management. In the government-wide financial statements, Internal Service Funds are reported within the governmental activities.

Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, or other governmental units. These funds include the following:

Pension and Other Postemployment Benefit Trust Funds – These funds are used to report assets and associated financial activity that are held in trust for the members and beneficiaries of the Vermont State Retirement (defined benefit) System, the Vermont State Defined Contribution Retirement System, the State Teachers' Retirement (defined benefit) System, the Vermont Municipal Employees' (defined benefit) Retirement System, the Vermont Municipal Employees' Defined Contribution Plan, the State's Single Deposit Investment Account, the State Employees' Postemployment Benefit Trust Fund, the Retired Teachers' Health and Medical Benefit Fund and the Vermont Municipal Employees' Health Benefit Fund.

Investment Trust Fund – Under the authority granted in 3 V.S.A. 523, beginning in Fiscal Year 2009, the State Treasurer created and began accepting deposits into the Vermont Pension Investment Committee (VPIC) Investment Pool, an external investment pool. The investment trust fund is used to account for the investments of the external participants in the Pool.

Private Purpose Trust Fund – The State's only fund in this category is the *Unclaimed Property Fund*, which accounts for all abandoned property that is required to be remitted to the State. The Unclaimed Property Division in the State Treasurer's Office administers procedures for returning this property to its rightful owner if they can be located. In addition to monetary assets, from time to time, the Unclaimed Property Division may have custody of tangible property that has not been valued and therefore is not reported in the financial statements.

Agency Funds – These funds report assets and liabilities for deposits and investments entrusted to the State as agent for others. They have no net position and report items such as Federal income tax withholding, social security tax withholding, etc.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Statewide education property taxes are recognized as revenues in the year for which the taxes are levied. This property tax is levied by the State on July 1, is included in the property tax bills levied by municipalities, and is collected by municipalities. The municipalities, by December 1 and June 1, must make payment to the State Treasurer in the amount specified by the Commissioner of Taxes.

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Major revenue sources considered susceptible to accrual include federal grants, interest on investments, and sales and income taxes.

Expenditures generally are recorded when a liability is due and payable, with the following exceptions:

a. Employees' vested annual, personal, and compensatory leave time are recorded as expenditures when utilized. The amount of accumulated leave unpaid at the end of the fiscal year has been reported only in the accrual-basis financial statements and does not include any accruals for the State's share of any payroll taxes that will be due when the expenditures are actually paid. See the "Compensated Absences" section of this footnote for additional information.
b. Interest on general long-term debt is recognized when due to be paid.
c. Debt service expenditures and claims and judgments are recorded only when payment is due to be paid.

Proprietary Funds, Fiduciary Funds, and Discretely Presented Proprietary Fund Type Component Units – The financial statements presented for these types of funds use the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from non–operating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are categorized as non-operating revenues and expenses.

E. Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balance

Cash and Cash Equivalents

Cash balances for most funds are deposited with the State Treasurer. Except for the Pension and Vermont Municipal Employees Health Benefit Trust Funds, Investment Trust Fund, and Capital Projects Funds, cash balances deposited with the State Treasurer are pooled together and amounts that are not immediately required are invested in short-term investments.

Income earned by these short-term investments is allocated based on average daily balances to those funds authorized to receive it while any remaining earnings are deposited in the General Fund.

Cash and cash equivalents as reported in the financial statements include bank accounts, imprest cash, short-term investments with an original maturity of three months or less such as certificates of deposit, commercial paper, federal government agencies' discount notes, money market accounts, and repurchase agreements.

Investments

Investments are stated at fair value. Fair values of investments are generally based on quoted market prices. For additional information regarding types of investments and basis of valuation, see Note IV.B.—Investments.

Receivables

Receivables in the government-wide financial statements represent amounts due to the State at June 30 that will be collected at some time in the future. They consist primarily of accrued taxes and federal grants and are reported net of allowance for uncollectible accounts. See Note IV.C.—Accounts Receivable for further information.

Receivables reported in the governmental funds financial statements consist primarily of accrued taxes, federal grants receivable, and notes receivable from drinking water and clean water special environmental loans. Other receivables include primarily fees, fines, and expenditure reimbursements due to the Medicaid program from drug companies and third party insurance companies. Revenues accrued in the governmental funds' financial statements consist primarily of accrued taxes, and other receivables that will be collected by the State within 60 days after year-end. Amounts estimated to be collected after the 60-day revenue recognition period are recorded as unavailable revenues. Federal receivables are amounts due from the federal government to reimburse the State's expenditures incurred pursuant to federally funded programs. Federal grant revenues are accrued when the qualifying expenditure is incurred. Notes receivable in the General Fund consist primarily of a Vermont Economic Development Authority note held by the State. See Note V.C. – Contingent Liabilities for further information. No allowances for uncollectible amounts have been recognized in these notes receivable.

Inventories

Inventories of materials and supplies in governmental funds are recorded as expenditures when purchased. Inventories reported in the proprietary funds are valued at the lower of cost or market, except inventories reported in the Federal Surplus Property Fund (an enterprise fund) are reported at the federal acquisition cost. Cost valuation methods used in the various funds are as follows: weighted average method – Liquor Control enterprise fund, Vermont Life Magazine enterprise fund, Highway Garage internal service fund, and Offender Work Programs internal service fund; specific identification method – Vermont Lottery Commission enterprise fund, Federal Surplus Property enterprise fund, and State Surplus Property internal service fund; and first-in, first-out method – Postage internal service fund.

Prepaid Expenses

In the governmental funds, all purchases are recorded as expenditures when the invoice is entered for payment. In the proprietary and fiduciary funds, certain payments reflect costs applicable to future accounting periods and as such, are recorded as prepaid expenses. These prepaid items will be expensed as they are liquidated.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, art and historical treasures, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide Statements of Net Position, and in the fund financial statements for the proprietary and fiduciary funds. All purchased capital assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated assets are valued at estimated fair market value on the date donated to the State.

Capital assets, except as stated below, have an initial cost of at least $5,000, and provide a future economic benefit for a minimum of 2 years. This includes buildings that are not considered to be part of an infrastructure asset. All land and land use rights, regardless of cost, are capitalized and are not depreciated. Infrastructure assets are defined as long-lived economic resources that are normally stationary in nature, utilized primarily by the general public as opposed to State employees, cost at least $50,000 and provide future economic benefit for a minimum of 3 years. Normally, infrastructure assets are much greater in value, have a longer economic life, and can be preserved for a greater number of years than most capital assets. Software with a cost of at least $50,000 and a useful life of more than two years, and internally generated intangible assets with a cost of at least $150,000 and a useful life of more than one year are capitalized.

Capital assets are depreciated over their useful lives using the straight-line mid-month depreciation method. Useful lives for buildings are 5 to 50 years, equipment is 3 to 20 years, software is 3 to 10 years, and infrastructure assets are 7 to 80 years. Additional disclosures related to capital assets and assets acquired through capital leases are found in Notes IV. E. - Capital Assets - and IV. G. 3. - Lease Commitments - respectively.

When a capital asset is disposed of, its cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. Repairs and maintenance are recorded as expenses. Significant renewals and improvements that increase the life expectancy are capitalized and deductions are made for retirements resulting from the renewals or improvements. Interest incurred on debt issued for construction of governmental activities capital assets is not capitalized.

The majority of the historic artifacts and collections that are maintained by the various State agencies and departments are not included in the capital asset reporting. The items not reported are protected and preserved, held for public exhibition and educational purposes and the proceeds from any sales of such items are used to acquire new items for the collection.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Primary Government has three items that qualify for reporting in this category, the unamortized balance of losses on bond refunding, changes in proportional share, and pension contributions made subsequent to the measurement date, all reported in the government-wide Statement of Net Position. A loss on a bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is capitalized and amortized over the shorter of the life of the refunded or refunding debt. Changes in proportional share are capitalized and recognized over a period equal to the expected remaining service lives of all employees. Pension contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability after the next measurement date.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Primary Government has one type of item, which only arises under the modified accrual basis of accounting, that qualifies for reporting in this category, and that is *unavailable revenue*. Governmental funds report unavailable revenue in the balance sheet for revenue that is not available under the modified accrual basis. The amount is capitalized and recognized as revenue in the period that the it becomes available. The Primary Government has two items that qualify for reporting in this category in the government-wide financial statements, both related to pensions. Net differences between projected and actual earnings on pension plan investments is capitalized and recognized over a five year period. Changes in proportional share of pension related amounts are capitalized and recognized over a period equal to the expected remaining service lives of all employees.

Additional disclosures related to deferred outflows and inflows of resources are included in Notes IV. F. - Deferred Outflows and Deferred Inflows and IV. G. 4. - Retirement Plans and Other Postemployment Benefits.

Tax Refunds Payable

Tax refunds payable primarily represent amounts owed by the State to taxpayers because of overpayment of their income tax liabilities. Tax refunds payable, which reduce respective tax revenues, are accrued to the extent they are measurable based on payments and estimates. The amount reported as tax refunds payable at June 30, 2015 in the governmental funds statements is comprised of tax refunds for filed tax returns due and payable at June 30, 2015. The amount reported as tax refunds payable at June 30, 2015 in the

government–wide financial statements is comprised of estimated tax liability overpayments for the first and second calendar quarters of year 2015's tax liability that will be paid out in calendar year 2016.

Arbitrage Rebate Obligations

In accordance with Section 148(f) of the U.S. Internal Revenue Code, the State must rebate to the U.S. Government the excess of interest earned from the investment of certain debt proceeds over the yield rate of the applicable debt. Arbitrage rebate, if any, is due and payable on each five-year anniversary of the respective debt issue. As of June 30, 2015, the primary government had no outstanding arbitrage rebate obligation. The arbitrage rebate liabilities reported by the discretely-presented component units are included in "Other Long-term Liabilities" in the government-wide statement of net position.

Compensated Absences

Compensated absences' liabilities include amounts for accumulated unpaid vacation, compensatory time, and personal leave credits. Classified State employees accrue vacation leave based on the number of years employed up to a maximum rate of 24 days annually and may not accumulate more than a maximum of 45 days (360 hours) at any one time. This liability is expected to be liquidated in future periods as either salary payments or cash payments upon termination of employment. Compensatory time and personal leave time accumulates as earned by the employees but must be taken within the subsequent year or be forfeited.

Liabilities for compensated absences are recorded in the government-wide statement activity where the employees are assigned, and in the funds, where applicable. The amounts are calculated based on an employee's pay rate in effect as of year-end. Additional information including changes in balances may be found in Note IV. G. 5. – Changes in Long-term Liabilities.

Employees earn sick leave credits based on the number of years employed with a maximum accrual rate of 21 days per fiscal year. Sick leave may only be liquidated if and when sickness or injury is incurred. Additionally, if employment is terminated, any sick leave that the individual may have accrued is forfeited without any payout; therefore, it is not an accruable liability to the State. There is no limit on the amount of sick leave an employee may accumulate.

Encumbrances

Contracts and purchasing commitments are recorded as encumbrances when the contract or purchase order is executed. When the terms of the purchase order or contract have been fulfilled and payment to the contracting party is due, the encumbrance is liquidated and the liability and expenditure are recorded. Encumbrances remaining at fiscal year-end are reported within the restricted, committed, or assigned fund balances of the governmental funds, as appropriate. The amount of the encumbrances remaining in the general fund, reported as assigned fund balances, is $5,796,975.

Fund Balances

The fund balance amounts for governmental funds have been classified in accordance with GASB Statement No. 54—*Fund Balance Reporting and Government Fund Type Definitions*. Fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. As a result, amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned.

· Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portions of loans or notes receivable, or property held for resale unless the use of the proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

· Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

· Committed fund balances can be used only for specific purposes pursuant to constraints imposed by a formal action of the Vermont Legislature, the State's highest level of decision-making authority. This formal action is the passage of a law by the legislature specifying the purposes for which amounts can be used. The same type of formal action is necessary to remove or change the specified use.

· Assigned fund balance includes amounts that are constrained by the State's intent to be used for a specific purpose, but are neither restricted or committed. For governmental fund types other than the General Fund, this is the residual amount within the fund that is not restricted or committed. In the General Fund, amounts are assigned by the Agency of Administration under authorization by the Legislature in the annual Budget Adjustment Act.

· Unassigned fund balance is the residual amount of the General Fund not included in the four categories above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

When both restricted and unrestricted amounts are available for use, generally it is the State's policy to use restricted amounts first, with unrestricted resources utilized as needed. In the case of unrestricted resources, it is generally the State's policy to use committed amounts first, followed by assigned amounts, then unassigned amounts as needed. Additional information may be found in Note IV. H.—Fund Balance/Net Position

Bond Discounts, Premiums and Issuance Costs

In the government-wide financial statements, bond discounts or premiums are capitalized and amortized over the term of the bonds using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs other than prepaid insurance are reported as expenses.

In the fund financial statements, governmental fund types recognize bond discounts, premiums and issuance costs in the period the bond proceeds are received. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issued are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as expenditures.

Interfund Transactions

Interfund Loans – Short-term loans between funds outstanding at year-end for such things as cash overdrafts are recorded as Interfund Receivables/Payables. Advances To/From Other Funds represent long-term interfund loans receivable and payable.

Reimbursements – Reimbursements result when one fund makes an expenditure for a second fund when that expenditure or expense is properly applicable to the second fund. Reimbursement transactions reduce expenditures in the reimbursed fund and increase expenditures/expenses in the reimbursing fund.

Quasi-External Transactions –These transactions occur between two government funds that would be accounted for as revenue and expenditures if they occurred between a government entity and a private sector entity.

Transfers – These transfers encompass all types of transfers, except for the residual equity transfers, and are primarily routine transfers of appropriation resources between funds. Transfers are not revenue, expenditures, or expenses, and are classified as "Other Financing Sources (Uses)" in the operating statements of the governmental funds and in a separate subsection before net income in the proprietary funds.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities that affect the disclosure of contingent assets and liabilities as of the date of the financial statements, and that affect the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates.

Note II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund financial statements each include a schedule that reconciles the fund balance and net changes in fund balance in the fund financial statements to the net position and changes in net position in the government-wide financial statements. Differences between the two occur because the current financial resources measurement focus and modified accrual basis of accounting that is used in governmental funds must be converted to the economic resources measurement focus and accrual basis of accounting that is used in government-wide reporting. In addition, differences will occur because balances and transactions associated with interfund activity must be eliminated in the process of preparing the government-wide financial statements, including consolidation of internal service fund data into the governmental activities in the government-wide financial statements.

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance—total governmental funds* and *net position—governmental activities* as reported in the government-wide statement of net position.

One element of that reconciliation explains that "capital assets used in governmental activities (net of internal service funds' capital assets) are not considered financial resources for fund perspective reporting and, therefore, are not reported in the funds." The details of this $2,483,523,472 are as follows:

Land	$ 129,315,367
Construction in progress	638,486,590
Works of art	127,803
Depreciable capital assets and infrastructure, net of $1,269,191,467 of accumulated depreciation	1,715,593,712
Net adjustment to increase *fund balances - total governmental funds* to arrive at *net position - governmental activities*	$ 2,483,523,472

Another element of that reconciliation explains that "amounts are presented in the Statement of Net Position but are not presented in fund balances due to a different basis of accounting." The details of this $107,227,060 are as follows:

Long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds	152,648,990
Deferred outflow for unamortized loss on sale of refunding bonds	8,414,684
Deferred outflow for pension related items	127,854,904
Deferred inflow for pension related items	(181,179,712)
Payable to component units	(511,806)
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ 107,227,060

The final element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not considered financial liabilities for fund perspective reporting, and therefore, are not reported in the funds." The details of this $2,777,791,559 are as follows:

Bonded and capital lease debt (net of internal service funds' liability)	$ (652,884,809)
Accrued interest payable on bonds	(9,091,700)
Compensated absences (net of internal service funds' liability)	(31,407,215)
Tax refunds payable	(57,290,650)
Net pension liabilities	(1,300,872,140)
Net other postemployment benefits obligation	(714,311,874)
Other long-term liabilities	(11,933,171)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ (2,777,791,559)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances—total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period, net of internal service funds." The details of this $228,132,110 difference are as follows:

Capital outlay/functional expenditures	$ 585,661,562
Expensed net book value of disposed assets	(232,018,901)
Depreciation expense	(125,510,551)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 228,132,110

A second element of the reconciliation states that repayment of bond principal is reported as an expenditure in governmental funds,. However, in the government wide statements, repayment of bond principal reduces long-term liabilities. The details of the $89,644,791 difference are as follows:

Principal repayment	$ 49,710,000
Payment to refunding bond escrow agent	39,934,791
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 89,644,791

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. The details of this $120,732,958 difference are as follows:

Bonds issued increases long-term debt in the statement of activities	$ (73,555,000)
Refunding bonds issued increases long-term debt in the statement of activities	(36,205,000)
Bond premium is amortized over the life of the bonds in the statement of activities	(9,924,406)
Refunding bonds deferred outflow amortized to interest expense over life of refunded bonds	(1,036,003)
Bond discount is amortized over the life of the bond in the statement of activities	(12,549)
Net adjustment to decrease *changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ (120,732,958)

The final element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this $90,775,458 difference are as follows:

Increase in accrued interest payable	$ (441,946)
Increase in compensated absences	(162,139)
Increase in payable to component units	(122,785)
Increase in employer pension and other postemployment benefit related costs	(90,879,025)
Decrease in pollution remediation related costs	830,437
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ (90,775,458)

Note III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Vermont statutes require the head of every State department, board and commission, and any officer or individual responsible for any activity for which funds are appropriated by the Vermont Legislature to provide, on or before September 1 preceding any biennium, statements to the Commissioner of Finance and Management showing in detail the amounts appropriated and expended for both the current and preceding fiscal years and the amount estimated to be necessary for similar activity for the ensuing two fiscal years. The Commissioner of Finance and Management and the Secretary of Administration are then required to submit to the Governor by November 15 preceding each biennium, the estimates as received along with any other estimates for the ensuing two fiscal years. The Governor then submits to the Vermont Legislature, no later than the third Tuesday of every annual session, a budget that embodies estimates, requests, and recommendations for appropriations or other authorizations for expenditures from the State treasury for at least the succeeding fiscal year. The Vermont Legislature then enacts into law an appropriations act that must be approved by the Governor before expenditures can be made. In recent years, in accordance with Act 250 of 1979 Section 125, it has been the practice of the Governor to submit an annual budget and the Vermont Legislature to enact appropriations on an annual basis.

Budgets are prepared and appropriated on a cash basis and usually at the program level. The Agency of Administration maintains budgetary control by fund at the appropriation level. Governmental funds' unspent appropriation balances revert to the fund balance at the end of each fiscal year for re-appropriation unless authorized to be carried forward to the following year(s) by legislative act. Unexpended balances of capital projects funds are available for expenditure in the following fiscal year(s).

The original budgets for expenditures and transfers are determined by the Legislature through the passage of the annual Appropriation Act. The Commissioner of Finance and Management (with approval from the Governor) may transfer balances of appropriations not to exceed $50,000 made under any appropriation act for the support of the government from one component of an agency, department, or other unit of State government, to any component of the same agency, department, or unit; and may transfer balances of appropriations made under any appropriation act from one department or unit of the agency of transportation to another department or unit of the agency of transportation for the specific purpose of funding authorized transportation projects which have been approved by the federal government for advance construction in which the expenditure of State funds will be reimbursed by federal funds when the federal funds become available, and the transfer is limited to funds which have been approved for reimbursement. If any receipts, including federal receipts, exceed the appropriated amounts, the receipts may be allocated and expended, subject to the approval of the Secretary of Administration. If, however, the expenditure of those receipts will establish or increase the scope of the program, which establishment or increase will at any time commit the State to the expenditure of State funds, they may be expended only upon the approval of the Legislature.

B. Deficit Fund Balances/Net Position

Business-type Proprietary Funds

Federal Surplus Property Fund ended fiscal year 2015 with both a deficit unrestricted net position and a total net position of $136,467. The program continues to suffer from a lack of inventory for sale from the federal government that could in turn be retrieved for sale by the State. In 2015 the fund did not receive any additional capital from the General Fund as in past years due to other budgetary pressures. The plan going forward is to reduce the deficit by actively retrieving goods for sale to increase program sales in 2016. The program lost $26,875 in fiscal year 2015. Given the program is popular with local governments further recapitalization from the General Fund would be required if sales continue to keep the program in a deficit position.

Vermont Life Magazine Fund ended fiscal year 2015 with both a deficit unrestricted net position and a total net position of $2,840,146. Initiatives to reduce this deficit include a reorganization of the enterprise including the elimination of the business manager position and the hiring of a sales manager tasked with increasing advertising and product sales. Vermont Life also plans to act as a contracted editorial and design agency for both the State of Vermont and private publishers. It will also manage the Vermont Department of Tourism's photography acquisitions and direct mail fulfillment. Continued direct mail campaigns will result in increased advertising sales.

Internal Service Funds

Single Audit Revolving Fund ended fiscal year 2015 with both a deficit unrestricted net position and a total net position of $332,723. In part, the deficit can be attributed to fiscal year 2009 budget rescissions resulting in a transfer to the General Fund of $196,000. The remaining deficit is due to fiscal year 2015 accruals that will be billed in fiscal 2016.

Financial & HR Information Fund ended fiscal year 2015 with a deficit unrestricted net position of $1,036,809 and a deficit total net position of $968,666. Revenues for fiscal year 2015 reflect an allocation to include the deficit incurred in fiscal year 2014. Revenues were $2.4 million higher than the allocation/billing for fiscal year 2014. Operating expenses were up approximately $1 million over fiscal year 2014 with a profit of $186,925 for fiscal year 2015. The deficit will continue to be recovered through increased efficiencies in the program as well as adjusted rate allocations to departments in fiscal year 2017.

Communications & Information Technology Fund ended fiscal year 2015 with a deficit unrestricted net position of $2,673,047 and a deficit total net position of $801,995. The process to reduce the deficit in the fund has been to utilize financial adjustments in budgeting the allocation vs. the mainframe. The goal is to continue this process. The fund is slowly driving a loss through under-recovering our mainframe costs while over-recovering our costs related to the allocation. Specifically, within the larger allocation cost center, the fund has taken steps in the FY17 budgeting process to ensure that this continues by identifying lapses in our billing.

Fleet Fund ended fiscal year 2015 with a deficit unrestricted net position of $5,290,240 but with a combined net positive position of $3,103,521.The unrestricted deficit is the result of the financing of fixed assets (vehicles) that are financed through the inter-fund payables. More importantly, the total net position is positive and is expected to remain in that position as the program had a change in net position of $577,851 in fiscal year 2015. A rate holiday, reduction of lease rates, or a possible payback of unused mileage charges is possible in 2016 to help reduce the overall program fund surplus.

Copy Center Fund ended fiscal year 2015 with a deficit unrestricted net position of $2,549,147 and a deficit total net position of $1,708,175. Though the Print Shop has increased its sales volume over the last few years which have helped to stabilize the fund. A corresponding reduction in the cost of sales as well as a reduction in the annual depreciation expense and purchase of equipment resulted in the program having a positive change in net position in fiscal year 2015. Management continues to aggressively pursue additional business opportunities including synergistic opportunities with the Postal Center.

Postage Fund ended fiscal year 2015 with both a deficit unrestricted net position of $2,771,266 and a deficit net position of $2,367,458. Although sales were reduced in fiscal year 2015 by just under 10%, with a corresponding reduction in cost of sales, the operating costs continue to increase driven by staff costs and ongoing depreciation costs. As such, the program lost $101,561 more than in fiscal year 2014, adding to the deficit net position in fiscal year 2015. It is the intention that the current fund deficit will be recovered through business operations (cost containment as well as new rate structures). An increase in the General Fund subsidy to cover the increasing cost of internal mail delivery and bomb screening has been budgeted for fiscal year 2016. If sales continue to decline, an adjustment to staffing costs may be required to bring the program into balance.

Facilities Operations Fund ended fiscal year 2015 with a deficit unrestricted net position of $2,427,121 and a deficit total net position of $2,487,598. The fund's deficit is being recovered through increased billings established by the administration. To do this a deficit reduction amount would need to be added to the space rental rates. As part of the fiscal year 2015 budget rescission, the program is being required to reduce costs by over $1 million. As this requirement carried over into the fiscal year 2016 budget cycle, it is anticipated a similar outcome can be expected in fiscal year 2016.

Property Management Fund ended fiscal year 2015 with a deficit unrestricted net position of $22,212,435 and a deficit total net position of $22,431,197. The fund's deficit continues to expand due to the lack of a revenue source to cover the ongoing operating expense of the program, although the deficit net positon actually improved over fiscal year 2014 due to the sale of 20 Houghton Street in St. Albans. Proceeds from the facility were returned to the fund to recover the associated deficit this building incurred. The Administration is exploring adding a surcharge to the existing leases to aid in covering the costs associated with the program operations.

All Other Insurance Fund ended fiscal year 2015 with both a deficit unrestricted net position and a deficit total net position of $29,310. This fund acts more like a revolving fund in that it purchases commercial policies for state entities not provided elsewhere and billed back to those entities. One commercial policy requires a higher initial premium subject to rebates based on actual experience. The fund purposely bills the agency the anticipated net premium. As such the cost of sales can exceed the associated revenue in any given year. The current deficit net position is a timing issue that should be eliminated automatically.

Workers' Compensation Fund ended fiscal year 2015 with both a deficit unrestricted net position and a total net position of $6,124,109. The rates for fiscal year 2015 included an additional $1.25 million to help alleviate part of this deficit net position. In 2016, the fund's deficit will continue to be addressed in the rate setting process for departments and agencies. The workers' compensation program has an aggressive medical case management team that is striving to return injured employees back to work at the earliest possible signs of recovery. The administration is currently looking at alternative models in fiscal year 2017 for providing this service to injured state employees which could result in significant savings to the State.

Medical Insurance Fund ended fiscal year 2015 with both a deficit unrestricted net position and a total net position of $4,291,999. Due to the unexpected usage losses in fiscal year 2014, the rate increase in fiscal year 2015 was significantly higher than the previous fiscal year. The end result was a positive increase in net position in fiscal year 2015 which cut the deficit net position in half It is anticipated that these sustained higher rates in fiscal year 2016 should retire this deficit in fiscal year 2016.

Human Resource Services Fund ended fiscal year 2015 with both a deficit unrestricted net position and a total net position balance of $243,816. The fund had a small increase in net position in fiscal year 2015 which helped reduce the deficit net positon from fiscal year 2014. The program funded a new workforce development program that was not initially included in the fiscal year 2015 billings to departments. Costs incurred would be recovered, if need be, in the fiscal year 2016 billings. Without these additional costs, the deficit would have improved faster in fiscal year 2015.

Governmental Fund Types

Special Fund ended fiscal year 2015 with a negative unassigned fund balance of $22,130,501. This is due mainly to the allocation of the State share of accrued liabilities pertaining to the Global Commitment Fund at June 30, 2015 and the revenues to pay for those liabilities is not available until 2016.

Fiduciary Fund Types

Vermont Retired Teachers' Health and Medical Benefits Fund ended fiscal year 2015 with a deficit net position of $10,056,458. The statute creating this fund (16 V.S.A. 19944b) authorizes the State Treasurer to use interfund borrowings of up to $30 million to finance any shortfalls in this fund, and it is the Legislature's intent to repay any such borrowings by the end of fiscal year 2023. At June 30, 2015 the loan balance was $13,954,600.

NOTE IV. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash and Cash Equivalents

Deposits for the primary government are governed by State statutes. When depositing public monies, the State Treasurer must act in accordance with 32 V.S.A. Chapter 431. Although the statute provides requirements for the collateralization of deposits, it does not establish limits. These limits are set by published formal guidelines issued by the State Treasurer.

The custodial credit risk for deposits is the risk that in the event of a depository financial institution failure, the government will not be able to recover funds deposited in the failed institution or will not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository (FDIC) insurance and are uncollateralized; or collateralized with securities held by the pledging financial institution's trust department or agent, that are not registered in the depositor – government's name. Although State statute does not require deposits to be collateralized, the Treasurer requires the State's cash deposits held in its primary bank to be collateralized with either United States Treasury securities or Vermont municipal securities or other approved money market instruments, or other collateral acceptable to the Treasurer. Certificates of deposit are collateralized, in whole or in part, on the basis of agreements with the bank, a protocol requiring periodic due diligence and review of bank capitalization and assets. Bank deposits in excess of the FDIC amounts and collateral agreements are uninsured and uncollateralized. Bank balances of deposits for the primary government, excluding pension, other post employment benefits, and investment trust funds, as of June 30, 2015, were $356,775,909. Of these, $8,645,809 was exposed to custodial credit risk as uninsured and uncollateralized.

The pension, other postemployment benefits, and investment trust funds' cash deposits, outside of the pension trust funds' custodian bank, totaled $8,128,519 none of which was exposed to custodial credit risk.

B. Investments

Primary Government—Excluding All Pension, Other Postemployment Benefits, and Investment Trust Funds

Investments for the primary government are governed by State statutes. The State has an investment policy with an overriding goal of minimizing exposure to risk and maintaining liquidity necessary for future cash needs while maximizing the return on investments. Two sections of State statute govern the investment of the State's operating and restricted cash (i.e., non-pension funds).

When investing public monies, the State Treasurer must act in accordance with 32 V.S.A. 433. Types of investments allowed include obligations of the United States, its agencies and instrumentalities, and any repurchase agreements whose underlying collateral consists of such obligations or other approved money market instruments; certificates of deposit issued by banks and savings and loan associations approved by the State Treasurer; prime bankers' acceptances; prime commercial paper; tax exempt securities; and domestic

money market funds. Also, the State Treasurer's Office issues additional formal guidance that is reviewed periodically, to assure that the three investment objectives -- safety, liquidity, and yield -- are met.

The statutory guidelines for certain trust funds are contained in 32 V.S.A. 434, referred collectively as the Trust Investment Account. These include the Tobacco Trust Fund, the Higher Education Trust Fund, the ANR Stewardship Fund, two Veterans' Home trusts, the Fish and Wildlife Trust, Vermont State Retirement OPEB Fund, and various small trusts.

The State Treasurer may invest funds in accordance with the standard of care established by the prudent investor rule and apply the same investment objectives and policies adopted by the Vermont State Employees' Retirement System, where appropriate, to the investment of funds in the Trust Investment Account.

Investments are stated at market value in the case of marketable securities and at estimated fair value for certain nonmarketable securities. Money market and other short-term investments are reported at market value when published market prices and quotations are available, or at amortized cost, which approximates fair value. Management at the State Treasurer's Office is responsible for the fair value measurements of investments reported in the financial statements. The State Treasurer's Office has implemented policies and procedures to assess the reasonableness of the fair values provided; the Office believes that reported fair values at the balance sheet date are reasonable.

(*a) Interest Rate Risk*
Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The primary government's investments, other than pension and investment trust funds' investments, at June 30, 2015 are presented as follows:

The above includes instruments that are classified as cash and short-term investments for balance sheet purposes. The following is a reconciliation of the investment types to the financial statement presentation (*in Thousands*).

Primary Government Investments - Excluding Pension, Other Postemployment Benefits and Investment Trust Funds
(Expressed in Thousands)

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1	1 to <6	6 to 10	More Than 10
Debt Investments					
US Agencies/Treasuries	$ 1,313	$ 149	$ 569	$ 350	$ 245
Money Market Mutual Fund	248,465	248,465	-	-	-
Certificates of Deposit	10,600	10,600	-	-	-
Total Debt Investments	260,378	$ 259,214	$ 569	$ 350	$ 245
Other Investments					
Equity Securities	1,975				
Mutual Funds	19,487				
US Treasury Trust Pool	192,933				
Total Investments	$ 474,773				

Primary Government Investments - Excluding Pension, Other Postemployment Benefits and Investment Trust Funds

Investments per maturity schedule	$ 474,773
Included in cash & cash equivalents:	
Money market mutual fund	(219,884)
US Unemployment trust pool	(192,933)
Financial statement investments total	$ 61,956
Governmental activities total	$ 58,769
Business activities total	1,312
Fiduciary - private purpose trust fund	1,875
Total	$ 61,956

b) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the monetary magnitude of the State's investment in a single issuer. While State statute does not establish ceilings, formal investment guidelines for operating funds limit the amount invested to 10% in any one issuer of commercial paper, corporate securities, or bankers' acceptances. There are no limitations for U.S. Government and Federal Agencies. Money market funds utilized by the State Treasurer's Office are highly rated and incorporate the requisite diversification. As of June 30, 2015, no single issuer exceeded 5% for the primary government portfolios.

(c) Custodial Credit Risk

For investments, custodial credit risk is the risk that a government will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party if the counterparty to the transaction fails. The State has no formal policy on custodial credit risk but maintains contractual relationships with custodian banks that provide coverage and define the procedures. As of June 30, 2015 all securities were registered in the name of the State at its custodian bank. Investments in open-end mutual funds are not exposed to custodial risk because their existence is not evidenced by specific securities.

(d) Credit Risk

Credit risk is the possibility that the issuer or other counterparty to an investment may default on their obligations. In non-pension funds this risk has been mitigated by implementing statutory guidelines on credit quality and further restricted by formal investment guidelines and the use of low-risk money market instruments. The credit risk associated with the State's debt securities, money market funds, bond mutual funds, and other pools of fixed income securities, exclusive of pension fund investments, as of June 30, 2015, is presented as follows using the Moody's rating scale.

Primary Government Rated Debt Instruments Excluding Pension, Other Postemployment Benefits and Investment Trust Funds

(Expressed in Thousands)

		Quality Ratings	
Debt Investments	**Fair Value**	**Aaa**	**Unrated**
US Agencies/Treasuries	$ 1,313	$ 1,313	$ -
Money Market Mutual Fund	248,465	219,884	28,581
Certificates of Deposit	10,600	-	10,600
Totals	$ 260,378	$ 221,197	$ 39,181

(e) Foreign Currency Risk

Foreign currency risk is the extent to which changes in exchange rates affect the value of an investment. Vermont's operating funds are restricted, through statute and formal guidelines, to specific money market instruments and money market funds who only invest in domestic instruments. In the Trust Investment Account portfolio, total exposure to foreign currency risk as of June 30, 2015, was $0.

Primary Government—Pension, Other Postemployment Benefits, and Investment Trust Funds

The State has three defined benefit plans (Vermont State Retirement System (VSRS), State Teachers Retirement System (STRS), and Vermont Municipal Employees' Retirement System (MERS)); three defined contribution plans (VSRS, MERS, and Single Deposit Investment Account); and three other postemployment benefit funds. Additional information on these plan benefit and actuarial valuations may be found in Note IV.G.4.—Pension and Other Postemployment Benefits.

By statute, the assets of the three defined benefit plans are invested on behalf of each plan's Trustees through the Vermont Pension Investment Committee (VPIC), which was established by the Vermont Legislature (Title 3 V.S.A. Chapter 17), effective July 1, 2005, to combine the assets of the VSRS, STRS and MERS defined benefit plans for the purpose of (i) investment in a manner that is more cost- and resource-efficient; (ii) improving the effectiveness of the oversight and management of the assets of the Retirement Systems; and (iii) maintaining the actuarial, accounting, and asset allocation integrity of the Retirement Systems. The majority of these assets have been pooled for investment purposes. Effective May 31, 2006, legislation amended VPIC's authority allowing VPIC to enter into agreements with municipalities administering their own retirement systems to invest retirement funds for those municipal plans.

On November 1, 2007, the City of Burlington, Vermont pooled its investments with the majority of the assets of the State, Teachers and Municipal defined benefit plans pursuant to a change in State statute permitting Vermont municipalities to pool their funds with the VPIC thereby creating an "external investment pool." An "external investment pool" is defined by GASB 31 as the commingling and investing of the monies of more than one legally separate entity, on the participants' behalf, in an investment portfolio. In this case, one of the participants, the City of Burlington, is not part of the State's reporting entity. Each of the participating funds has an equity position in the external pool and individual investment securities are not specifically identified to any of the participating funds. As a result, the "pooled investment" is a net equity position, incorporating the results of the underlying securities, receivables and liabilities. Earnings in each pooled investment are allocated based on the month-end balances of each of the respective systems. The pool is not audited separately.

The three defined benefit plans and the City of Burlington's assets managed by VPIC are externally managed in the pool established July 1, 2005 with a startup share price of $1,000. Ownership in the pool is based on the number of shares held by each member. The net asset value per share is determined by dividing the total fair value of the net assets of the pool by the number of shares of the pool outstanding on the valuation date. Contributions to and withdrawals from the pool are based on the beginning of the day net asset value per share on the day of the transaction.

The pool's net position and statement of changes in net position are as follows.

VERMONT PENSION INVESTMENT COMMITTEE
INVESTMENT POOL
STATEMENT OF NET POSITION
June 30, 2015
(Expressed in Thousands)

Assets	
Cash and short term investments	$ 24,303
Receivables	
Interest and dividends	8,293
Investments sold	46,852
Total receivables	55,145
Investments at Fair Value	
Fixed income	631,576
Equities	833,398
Mutual funds	1,858,799
Real estate and venture capital	649,122
Total investments	3,972,895
Total assets	4,052,343
Liabilities	
Accounts payable	150
Payable for investments purchased	110,518
Total liabilities	110,668
Net position held in trust for investment pool participants	$ 3,941,675

VERMONT PENSION INVESTMENT COMMITTEE
INVESTMENT POOL
STATEMENT OF CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

Additions	
Investment income	
Net appreciation (depreciation) in fair value of investments	$ (80,488)
Dividends	46,474
Interest income	27,811
Other income	1,165
Total investment gain and additions	(5,038)
Deductions	
Net pool participant withdrawals	76,019
Operating expenses	618
Total deductions	76,637
Change in net position	(81,675)
Net position held in trust for pool participants	
July 1, 2014	4,023,350
June 30, 2015	$ 3,941,675
Pool participants	
Vermont State Retirement System	$ 1,617,344
State Teacher's Retirement System	1,646,559
Vermont Municipal Employees' Retirement System	523,995
City of Burlington	153,777
Totals - June 30, 2015	$ 3,941,675

All three defined benefit plans managed by the State have adopted a common asset allocation as determined by the Vermont Pension Investment Committee. As of October 29, 2009, the VPIC adopted a set of investment policies and guidelines common to all three defined benefit plans. These are used by VPIC with the objective of maximizing returns within acceptable risk parameters.

The State's Single Deposit Investment Account (SDIA), a non-contributory defined contribution plan, is invested in a commingled stable bond fund. The investment policy governing the SDIA portfolios includes a minimum average credit quality of double-A, no bonds rated below investment grade, and limitations on asset-backed, mortgage-backed, collateralized Mortgage Obligations, corporate bonds, and single issuers of non-treasury/government agency backed bonds.

The Vermont State Retirement's defined contribution plan's trustee is the State Treasurer. The Vermont Municipal Employees' Retirement System Board of Trustees is the trustee for the Vermont Municipal Employees' defined contribution plan. Both plans are administered by Fidelity Investments Institutional Operations Company. Investment choices are made by participants from a range of funds approved by the trustees' for the plans. Investment options are Fidelity and non-Fidelity mutual funds including large and small market capitalization equities (actively managed and indexed), international equities, fixed income securities, balanced funds, target retirement date age based funds, and a stable value fund. Funds included in the plans were selected based on consideration of fund performance for one and multi-year periods, performance ranked against peer group funds in asset class, management fee expense ratios, fund asset class and investment objectives, historical annual returns, Morningstar ratings, performance in various stages of the capital market cycle, and consultant recommendations as to the optimal number of funds and appropriate asset classes. Fidelity provides quarterly investment reports and analysis that are reviewed by Treasury staff, the State Treasurer and Vermont Municipal Employees' Retirement's Board.

The State has three other postemployment benefit funds, the Vermont State Postemployment Benefits Trust Fund (State OPEB), the Retired Teachers' Health and Medical Benefit Fund (RTHMB) and the Vermont Municipal Employees Health Benefit Fund (Muni OPEB). The State OPEB is invested in the Trust Investment Account utilized as an investment vehicle by many of the State's primary funds. The RTHMB has no investments. The Muni OPEB in invested under the authority of the Municipal Retirement Board of Trustees and utilizes an outside administrator, ICMA-RC employing mutual funds.

Investments are stated at market value in the case of marketable securities and at estimated fair value for certain nonmarketable securities. Money market and other short-term investments are reported at market value when published market prices and quotations are available, or at amortized cost, which approximates fair value. Real estate is carried at the net asset value of each retirement system's real estate fund investments, which net asset value is further based on the fair market value of the real properties. Properties' fair market values in each of the retirement systems' fund investments are established quarterly by real estate fund manager appraisals and are validated at least yearly by third-party property appraisals. Nonmarketable securities include alternative investments such as private equity and venture capital, which are valued using current estimates of fair value obtained from the investment manager in the absence of readily determinable public market values. Such valuations generally consider variables such as the high, medium, and low values for portfolio investments; the investments' exit timetables, and the status of any proceedings leading to a liquidity event; the financial performance of investments, including comparison of comparable companies' earning multiples; cash flow analysis; and recent sales prices of investments. Management at the State Treasurer's Office is responsible for the fair value measurements of investments reported in the financial statements. The State Treasurer's Office has implemented policies and procedures to assess the reasonableness of the fair values provided; the Office believes that reported fair values at the balance sheet date are reasonable.

a) Interest Rate Risk

As pension trust funds have a different investment term horizon based on a long average liability term, the VPIC manages exposure to fair value loss arising from movements in interest rates by establishing duration guidelines with its debt securities with Core, Core Plus and Global Fixed Income investment managers, requiring that the duration be within a specified percentage of the duration band of the appropriate benchmark index. In the case of domestic Core Fixed Income managers the average duration (interest rate sensitivity) of an actively managed portfolio shall not differ from the appropriate passive benchmark's duration by more than +/- 25 percent. The Core Plus portfolio restriction is +/- two years around the passive benchmark duration. With respect to Global Fixed Income portfolios, current portfolio durations are restricted to a range of one to ten years. High yield fixed income portfolios prices and yields are not as directly correlated with the general level of interest rates and are duration monitored but not duration restricted. The calculation of the duration of mortgage backed securities involves assumptions as to the expected future prepayment rate for the security. The Managers are required to calculate duration at the time of initial purchase and on a routine basis to maintain compliance with these guidelines. Fixed income managers are required to report portfolio characteristics quarterly inclusive of portfolio duration as a measure of portfolio interest rate sensitivity. Pension, Other Postemployment Benefits and Investment Trust Funds investments are as follows:

Pension, Other Postemployment Benefits, and Investment Trust Funds' Investments

(Expressed in Thousands)

Investment Type	Fair Value	Less Than 1	1 to <6	6 to 10	More Than 10
Debt Investments					
US Agencies/Treasuries	$ 208,548	$ 12,398	$ 23,925	$ 140,545	$ 31,680
Corporate Debt	253,388	11,699	131,953	97,831	11,905
Money Market Mutual Fund	41,135	41,135	-	-	-
Municipals	6,119	-	171	-	5,948
Asset Backed Securities	8,666	-	-	3,600	5,066
Mortgage Backed Securities	53,210	-	1,989	-	51,221
Sovereign Debt	95,367	200	50,511	31,501	13,155
Certificates of Deposit	6,101	6,101	-	-	-
Total Debt Investments	672,534	$ 71,533	$ 208,549	$ 273,477	$ 118,975
Other Investments					
Mutual & Commingled Funds	2,013,942				
Equity Securities	833,398				
Real Estate - Venture Capital	649,122				
Fixed Income - Derivatives	177				
Total	$ 4,169,173				

(b) Concentration of Credit Risk

Formal guidelines for pension funds state that no more than 5% of the market value of a portfolio's domestic fixed income assets may be invested in the debt securities of any one issuer. No limitations on issues and issuers shall apply to obligations of U.S. Government and Federal Agencies. As of June 30, 2015, no issuer exceeded 5%.

(c) Custodial Credit Risk

Custodial credit risk for investments is the risk that a government will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party if the counterparty to the transaction fails. The VPIC manages exposure to custodial credit risk by requiring all relevant investment managers to hold investments in separate accounts with VPIC's custodian. VPIC guidelines specify the custodial requirements for these accounts and the duties of the Managers and the custodian. As of June 30, 2015, all securities were registered in the name of the State at its custodian bank. Investments in pools, open-end mutual funds, and other investments not evidenced by specific securities are not categorized.

(d) Credit Risk

Detailed pension guidelines by asset class and supplemental requirements by investment manager are used to set risk parameters and are stated in written contracts. These guidelines are reviewed and adopted by VPIC. Treasury staff and independent investment consultants are utilized to assure compliance. The credit risks associated with these securities are as follows:

Pension, Other Postemployment Benefits, and Investment Trust Funds' Investments

(Expressed in Thousands)

Debt Investments	Fair Value	Quality Ratings Aaa	Aa	A
US Agencies/Treasuries	$ 208,548	$ 185,564	$ -	$ -
Corporate Debt	253,388	-	1,902	18,147
Money Market Mutual Fund	41,135	-	-	-
Municipals	6,119	-	3,634	2,485
Asset Backed Securities	8,666	7,120	235	-
Mortgage Backed Securities	53,210	14,358	2,110	588
Sovereign Debt	95,367	34,763	13,420	33,256
Certificates of Deposit	6,101	-	-	4,299
Totals	$ 672,534	$ 241,805	$ 21,301	$ 58,775

continued below

Debt Investments	Quality Ratings Baa	Ba	B and below	Unrated
US Agencies/Treasuries	$ -	$ -	$ -	$ 22,984
Corporate Debt	34,404	58,272	80,346	60,317
Money Market Mutual Fund	-	-	-	41,135
Municipals	-	-	-	-
Asset Backed Securities	195	-	493	623
Mortgage Backed Securities	4,436	1,192	13,128	17,398
Sovereign Debt	10,738	-	241	2,949
Certificates of Deposit	-	-	-	1,802
Totals	$ 49,773	$ 59,464	$ 94,208	$ 147,208

e) Foreign Currency Risk

Unless VPIC stipulates specific exceptions to the guidelines, the global bond portfolio may hold no more than 30% of its assets, at market value, or 120% of each country's benchmark weight (whichever is greater) in the debt securities of any single foreign government or non-U.S. government entity. For the purposes of this calculation, all countries within the European Single Currency shall count as one country. Single non-government debt security limitations are also set for the global bond portfolio. In the case of equities, the investment manager is afforded flexibility in the number of issues held and their geographic or industry distribution, provided that equity holdings are within the lesser of established percentage ranges in relative to single holding limitations and a stock's weighting in the style benchmark against which the manager is measured. Most foreign currency exposure is in the pension and investment trust funds' portfolios. The value in US dollars by foreign currency denomination and type of investment is as follows:

Pension, Other Postemployment Benefits, and
Investment Trust Funds' Investments
Foreign Currency Risk - International Securities at Fair Value
(Expressed in Thousands)

Currency	Total	Short Term	Debt	Equity	Derivatives
Australian Dollar	$ 26,070	$ 100	$ 10,357	$ 14,539	$ 1,074
Brazilian Real	(489)	-	-	-	(489)
Canadian Dollar	7,666	79	1	7,596	(10)
Danish Krone	623	-	-	623	-
Euro Currency	120,743	149	25,992	91,976	2,626
Hong Kong Dollar	2,834	81	-	2,753	-
Israeli Shekel	73	34	-	39	-
Japanese Yen	87,989	352	20,813	67,170	(346)
Malaysian Ringgit	2,211	32	2,173	6	-
Mexican Peso	10,457	428	9,196	884	(51)
New Turkish Lira	116	3	-	113	-
New Zealand Dollar	10,519	148	9,130	314	927
Norwegian Krone	3,096	-	-	3,096	-
Philippine Peso	1	1	-	-	-
Polish Zloty	5,056	-	4,101	955	-
Pound Sterling	64,066	161	15,123	48,912	(130)
Singapore Dollar	12,408	54	-	12,354	-
South African Rand	433	65	-	368	-
South Korean Won	2,191	4	-	2,107	80
Swedish Krona	12,890	-	-	12,437	453
Swiss Franc	26,634	-	-	26,634	-
Thailand Baht	219	4	-	215	-
Yuan Renminbi	(4)	-	-	-	(4)
Total	$ 395,802	$ 1,695	$ 96,886	$ 293,091	$ 4,130

Formal investment policy guidelines adopted by the VPIC state that international equity managers may enter into forward exchange contracts on currency provided that use of such contracts is designed to dampen portfolio volatility and facilitate securities transaction settlements rather than leverage portfolio risk exposure. In global fixed income accounts, opportunistic currency positioning may be utilized to hedge and cross-hedge the portfolio's currency risk exposure or in the settlement of securities transactions. The managers may vary the total portfolio exposure to currency from fully unhedged to fully hedged. The global fixed income managers are permitted to hedge all, some, or none of the portfolio's currency exposure. They are permitted to cross-hedge currency positions, but may not net short any currency, or net long more than 100% of the portfolio. VPIC has funds allocated to a global allocation asset manager in the form of shares of a commingled trust. The manager for this trust may enter into long and/or short positions in currencies of the countries represented in established indices. The strategy is permitted to cross-hedge currency exposure and will actively manage its currency exposure. This active management may go beyond fully-hedged or unhedged currency exposure, and is provided for by a specific exemption to the VPIC general guidelines.

Derivative Financial Instruments

Vermont Pension Investment Committee (VPIC) policy authorizes certain investment managers (Managers) to invest in derivative financial investments. Derivatives are financial arrangements between two parties whose payments are based on, or "derived" from, the performance of some agreed upon benchmark. Disclosures related to derivatives positions required under Governmental Accounting Standards Board Statement No. 53 – *Accounting and Financial Reporting for Derivative* Instruments (GASB No. 53) apply only to those derivative instruments held directly by the VPIC on behalf of the defined benefit plans and the external investment trust

and not those held within commingled fund investment vehicles. The Pension and Other Postemployment Benefit Trust Funds do not have hedgeable assets or liabilities, and all derivative instruments are considered investment derivatives, with corresponding changes in fair value reported in investment income. The fair value of all derivative financial instruments are reported in the Statement of Fiduciary Net Position. All of the derivatives reported at June 30, 2015, are at fair value.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2015, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows:

	Changes in Fair Value		Fair Value at June 30, 2015		
	Classification	Amount	Classification	Amount	Notional
Fiduciary Funds					
Investment derivatives					
Futures					
Fixed income futures	Investment revenue	$ 24,406	Investment	$ -	$ 422
Options					
Fixed income options	Investment revenue	549,225	Investment	(342,433)	(53,900,000)
Foreign currency options	Investment revenue	13,995	Investment	(60,046)	(7,446,000)
Swaps					
Credit default swaps	Investment revenue	(268,217)	Investment	(274,688)	23,756,801
Inflation linked swaps	Investment revenue	117,318	Investment	117,318	6,654,000
Fixed interest rate swaps	Investment revenue	391,367	Investment	391,367	867,895,698
Currency forwards					
FX forwards	Investment revenue	3,714,801	Investment	-	22,955,477

Derivative instruments may be used for any of the following purposes;

- To gain market exposure.
- To convert financial exposure in a given currency to that of another currency (e.g., to hedge Japanese Yen exposure back to the U.S. dollar). Any and all international Managers may enter into foreign exchange contracts on currency provided that: a) such contracts are one year or less, and b) use of such contracts is limited solely and exclusively to hedging currency exposure existing within the Manager's portfolio. There shall be no foreign currency speculation or any related investment activity, with the exception of currency hedging Managers who enter into currency hedging will be guided by specific risk parameters in their contracts.
- To adjust the duration of a bond portfolio in a manner that is consistent with the accepted approach of the Manager and other contract terms applicable to the Manager.
- To make portfolio adjustments that are consistent with other elements of the VPIC's investment policies and that do not systematically increase risk or expected volatility of the rate-of-return of the total portfolio.
- For trading purposes which are intended to enhance investment returns. This purpose is subject to the requirement that it be consistent with other elements of the VPIC's investment policies and that it does not systematically increase the risk or expected volatility of the rate of return of the total portfolio.

All other uses of derivatives are prohibited unless specifically approved by the VPIC. Managers are expected to have internal risk management programs in place to ensure that derivatives-based strategies do not result in inappropriate risks to the VPIC Portfolio. Separately managed funds include the following reporting requirements: a list of all derivative positions as of quarter-end; an assessment of how the derivative positions affect the risk exposures of the total portfolio; an explanation of any significant pricing discrepancies between

the Manager and custodian bank; an explanation of any non-compliance. Commingled funds provide the VPIC with a quarterly list of derivative positions and assessment of the effect on the risk exposure of the portfolio.

For derivative securities, the Custodian Bank is required to obtain two independent prices, or to notify the VPIC that two independent prices are not available. Managers are required to reconcile the valuations of all derivatives positions on a monthly basis with the Custodian Bank. Derivatives, which are futures contracts, are Commodity Futures Trading Commission approved and exchange-traded. Options may either be exchange-traded or traded over-the-counter (OTC).

Futures represent commitments to purchase (asset) or sell (liability) securities at a future date and at a specified price. Futures contracts are traded on organized exchanges (exchange traded) thereby minimizing the VPIC's credit risk. The net change in the futures contracts value is settled daily in cash with the exchanges. Net gains or losses resulting from the daily settlements are included with trading account securities gains (losses) in the Statement of Changes in Fiduciary Net Position.

Currency forwards represent forward foreign exchange contracts that are entered into in order to hedge the exposure to changes in foreign currency exchange rate on the foreign currency dominated portfolio holdings. A forward foreign exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in the net realized gains or losses on foreign currency related transactions in the Statement of Changes in Fiduciary Net Position.

Only forward currency contracts are defined as derivatives per GASB No. 53 are reported above; currency spot contracts are not included.

Risk of loss arises from changes in currency exchange rates. At June 30, 2015, currency forward positions consisted of unrealized gains on pending foreign exchange sales of $3,714,800.

Options represent or give buyers the right, but not the obligation, to buy or sell an asset at a preset price over a specified period. The option's price is usually a small percentage of the underlying asset's value. As a writer of financial options, the VPIC receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options, the VPIC pays a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option.

Swaps represent an agreement between two or more parties to exchange sequences of cash flows over a period in the future. At June 30, 2015, the VPIC had three different types of swap arrangements; interest rate swaps, inflation linked swaps, and credit default swaps. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counterparty who, in turn, agrees to make return interest payments that float with some reference rate. The interest rate swaps allowed the VPIC to effectively convert long term variable interest investments into fixed interest rate investments. Credit default swaps are used to manage credit exposure without buying securities outright. Gains and losses on swaps are determined based on market values and are recorded in the Statement of Changes in Fiduciary Net Position.

Counter-party creditworthiness, for non-exchange traded derivatives, shall be at a minimum of "A3" as defined by Moody's Investor Service, "A-" by Standard & Poor's, and "A-" by Fitch. The use of counter-parties holding a split rating with one of the ratings below A3/A– is prohibited. The use of unrated counter-parties is prohibited. Individual counter-party exposure, for non-exchange traded commodity derivatives, is limited to 50% of the notional amount of the VPIC Portfolio commodity derived exposure. An exception is allowed if the total commodity derivative exposure is less than $3 million. Any entity acting as counter-party must be regulated in either the United States or the United Kingdom. All other uses of derivatives are prohibited unless specifically approved by the VPIC. Managers are expected to have internal risk management programs in place to ensure that derivatives-based strategies do not result in inappropriate risks to the VPIC portfolio. For fiscal year 2015 all counterparties for derivatives met the VPIC counterparty risk rating requirements.

The following shows the market value of credit exposure per Moody's ratings at June 30, 2015.

Moody's Rating	Market Value
Aa2	$ 17,285
Aa3	28,295
A1	1,882,290
A2	34,317
A3	290,817
Baa1	132,698
Total	$ 2,385,702

In addition, Manager credit research teams are tasked with evaluating potential counterparties for their creditworthiness as counterparties, not relying on ratings agencies alone. Managers evaluate individual counterparties using various methods of credit analysis: company visits, reports, earnings updates and take into account other factors, including the broker's/dealer's reputation for sound management, the past experience of the manager with the broker/dealer, market levels for its debt and equity, its quality of liquidity provided and its share of market participation. At June 30, 2015, risk concentrations are as follows:

Counterparty Name	Percentage of Net Exposure	Moody's Rating	S&P Rating	Fitch Rating
Morgan Stanley Capital Services	25%	A1	A	A+
Bank of America NA	20%	A1	A	A+
Credit Suisse Securities (USA)	19%	A1	A	A
Citibank NA	9%	A1	A	A+
Deutsche Bank AG	8%	A3	BBB+	A
Citigroup Global Markets	6%	Baa1	A	A+
Goldman Sachs International	5%	A1	A	A
Deutsche Bank Securities	4%	A3	BBB+	A
Barclays Bank PLC	1%	A2	A-	A
JP Morgan Chase Bank	1%	Aa3	A+	AA-
BNP Paribas S.A.	1%	A1	A+	A+
HSBC Bank USA, N.A.	1%	Aa2	AA-	AA-
Credit Suisse International	0%	A1	A	A
Goldman Sachs Bank USA	0%	A1	A	A+
UBS AG	0%	A1	A	A
Royal Bank of Scotland PLC	0%	A3	BBB+	BBB+

VPIC's Managers use master agreements and may receive additional protection through the collateralization requirements, which helps to mitigate a party's exposure to another party in the event of a default or termination event by requiring the pledging/posting of assets to the other party to secure any outstanding obligations under certain transactions. By regular, generally daily, movement of collateral on forward settling trades, VPIC's exposure to any particular counterparty can be reduced. Collateral movement threshold for securities under the master forward agreements typically ranges from $0 to $250,000 per account, depending on the particular counterparty. Managers require daily posting of collateral with many of our counterparties.

VPIC does not have a formal policy regarding master netting arrangements. As a general practice, Managers use industry standardized contracts, generally known as "master agreements" or "netting agreements," counterparty risk is reduced by providing parties to a transaction the ability to close out and net its total exposure to a counterparty in event of a default with respect to all transactions governed under that particular agreement. These agreements (ISDA Master Agreement and Credit Support Annex, Master OTC Options Agreement, Master Securities Forward Transaction Agreement, Global/Master Repurchase Agreement) allow

parties to a transaction to know their legal rights and obligations, in addition to an ability to net. Managers generally put master agreements in place on behalf of each account it manages and each separate counterparty legal entity with which it transacts. The maximum amount of loss VPIC would face in case of default of all counterparties as of June 30, 2015, consists of the aggregated fair value of OTC positions in the amount of $1,108,610.

Derivative instruments often contain credit-risk-related contingent features that could result in an immediate payment to the counterparty. For example, a material adverse change clause could provide the counterparty with the right to early terminate the derivative agreement. Alternatively, it could provide a basis for renegotiating the agreement if specific events occur, such as a downgrade of the entity's credit rating below investment grade. These provisions may include an obligation to post additional collateral in instances where the credit-risk contingent feature is triggered or the counterparty is provided the right to terminate the agreement early.

The VPIC funds hold mortgage-backed securities including collateralized mortgage obligations (CMOs) at fair value. Mortgage-backed securities represent a direct interest in a pool of mortgage loans. CMOs are bonds that are collateralized by whole loan mortgages, mortgages pass-through securities, or stripped mortgage-backed securities. Income is derived from payments and pre-payments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment tranches in accordance with the payment order established for the CMO instrument. Cash flows associated with these tranches may demonstrate varying degrees of sensitivity to interest rate fluctuations. A reduction in interest rates may cause some of the tranches to experience a reduction in fair value as prepayments reduce the interest payments, causing a decline in total cash flows. In a rising interest rate environment, an increase in interest payment and cash flows may cause an increase in fair value.

Risk is minimized through the purchase of high quality instruments with limited default or prepayment risk. Agency fixed and floating rate pass-through, U.S. Treasury securities and cash equivalents can be held without limitation. Securities designed to provide more precisely targeted maturities (Sequential Collateralized Mortgage Obligations) and those that create tranches, or Planned Amortization Classes (PAC I and PAC II), with cash flows that are protected from prepayment changes within certain limits, may also be purchased without limitation. Policy restrictions and portfolio percentage limitations are established for the purchase of more interest rate sensitive instruments and certain interest rate and price stress tests are required.

Asset-backed securities are collateralized by a loan, lease, or receivable other than real estate. Payments are collected by a servicer though a “pass-through” arrangement. As monthly payments of principal and interest are made, the pass-through security holder is entitled to a pro rata portion of the payments received. Risk of pre-payment varies with the underlying assets. Risk is minimized through the purchase of high quality instruments with limited default or prepayment risk.

C. Receivables

Accounts receivable at June 30, 2015 are summarized as follows:

	Governmental Funds		Internal	Total Governmental
	Major	Non-major	Service Funds	Activities
Governmental activities				
Taxes				
Personal and corporate income	$ 217,697,527	$ -	$ -	$ 217,697,527
Sales and use	69,510,771	-	-	69,510,771
Meals and rooms	34,250,766	-	-	34,250,766
Purchase and use	423,759	-	-	423,759
Motor Fuel	3,238,188	78,111	-	3,316,299
Other taxes	27,841,998	-	-	27,841,998
Subtotal	352,963,009	78,111	-	353,041,120
Allowance for uncollectibles	(107,165,413)	-	-	(107,165,413)
Taxes receivable, net	$ 245,797,596	$ 78,111	$ -	$ 245,875,707
Current receivable				$ 120,261,411
Non-current receivable				125,614,296
Total taxes receivable, net				$ 245,875,707
Loans and notes				
Loans and notes receivable	$ 275,155,317	$ -	$ 894,296	$ 276,049,613
Allowance for uncollectibles	(726,034)	-	-	(726,034)
Loans and notes receivable, net	$ 274,429,283	$ -	$ 894,296	$ 275,323,579
Current receivable				$ 18,756,299
Non-current receivable				256,567,280
Total loans and notes receivable, net				$ 275,323,579
Federal grants				
Human services	$ 226,019,825	$ -	$ -	$ 226,019,825
Protection to Persons and Property	10,381,970	-	-	10,381,970
Transportation	38,409,371	-	-	38,409,371
Other	20,078,758	1,634,484	-	21,713,242
Federal grants	$ 294,889,924	$ 1,634,484	$ -	$ 296,524,408
Other				
Accrued interest and other receivables	$ 110,639,288	$ 145,568	$ 14,071,317	$ 124,856,173
Allowance for uncollectibles	(34,007,778)	(4,466)	(12,879)	(34,025,123)
Other receivables, net	$ 76,631,510	$ 141,102	$ 14,058,438	90,831,050
Interfund loans receivable and due from other funds from Fiduciary Funds				13,979,107
Less Internal Service Funds' receivables from Governmental Funds				(8,309,617)
Other receivables, net				$ 96,500,540
Current receivable				$ 70,316,364
Non-current receivable				26,184,176
Total other receivable, net				$ 96,500,540

	Enterprise Funds		Total Business-type
	Major	Non-major	Activities
Business-type activities			
Taxes			
Unemployment	$ 44,353,857	$ -	$ 44,353,857
Allowance for uncollectibles	(5,888,762)	-	(5,888,762)
Taxes receivable, net	$ 38,465,095	$ -	$ 38,465,095
Loans and notes receivable	$ 13,738	$ 1,533,922	$ 1,547,660
Current receivable			$ 624,379
Non-current receivable			923,281
Total loans and notes receivable, net			$ 1,547,660
Federal grants	$ 552,119	$ -	$ 552,119
Other			
Accrued interest and other receivables	$ 5,177,212	$ 380,669	$ 5,557,881
Allowance for uncollectibles	(34,231)	(23,439)	(57,670)
Other receivables, net	$ 5,142,981	$ 357,230	$ 5,500,211
Current receivable			$ 5,493,033
Non-current receivable			7,178
Total other receivable, net			$ 5,500,211

D. Interfund Balances

1. Due From/To Other Funds

Due from/to other funds represents amounts owed to one State fund by another, for goods sold, services received or reimbursement of costs. The balances of due from/to other funds at June 30, 2015, are as follows.

	Due to Other Funds			
	Governmental Funds			
Due From Other Funds	General Fund	Transportation Fund	Education Fund	Special Fund
General Fund	$ -	$ 9,541	$ -	$ 25,795
Transportation Fund	5,202	-	-	2,028
Special Fund	1,209,112	291,481	8,002	-
Federal Revenue Fund	155,335	-	-	1,309,636
Global Commitment Fund	48,895,074	-	-	47,929,043
Non-major Governmental Funds	674	-	-	396
Liquor Control Fund	-	-	-	56,688
Vermont Lottery Commission	-	-	17,096	-
Non-major Enterprise Funds	39	3,500	-	-
Internal Service Funds	1,993,856	2,093,515	9,786	24,023,828
Total	$ 52,259,292	$ 2,398,037	$ 34,884	$ 73,347,414

continued below

	Due to Other Funds				
	Governmental Funds			Proprietary Funds	
Due From Other Funds	Federal Revenue Fund	Global Commitment Fund	Non-major Governmental Funds	Internal Service Funds	Unemployment Compensation Trust Fund
General Fund	$ 268,854	$ 521,830	$ 2,716	$ 2,715	$ -
Transportation Fund	-	-	525	-	-
Special Fund	1,804,977	137,607	281,749	715,038	-
Federal Revenue Fund	-	2,231,191	-	139,141	-
Global Commitment Fund	9,572	-	-	-	-
Non-major Governmental Funds	28,857	-	-	-	-
Liquor Control Fund	-	-	-	-	-
Vermont Lottery Commission	-	-	-	-	-
Non-major Enterprise Funds	-	-	-	-	86,842
Internal Service Funds	1,156,820	4,773,358	181,702	-	-
Total	$ 3,269,080	$ 7,663,986	$ 466,692	$ 856,894	$ 86,842

continued below

	Due to Other Funds				
	Proprietary Funds				
Due From Other Funds	Liquor Control Fund	Vermont Lottery Fund	Non-major Enterprise Funds	Fiduciary Funds	Total
General Fund	$ 272,674	$ -	$ 99	$ 13,195	$ 1,117,419
Transportation Fund	-	-	-	-	7,755
Special Fund	-	-	-	224	4,448,190
Federal Revenue Fund	-	-	-	-	3,835,303
Global Commitment Fund	-	-	-	-	96,833,689
Non-major Governmental Funds	-	-	-	-	29,927
Liquor Control Fund	-	-	-	-	56,688
Vermont Lottery Commission	-	-	-	-	17,096
Non-major Enterprise Funds	-	-	-	-	90,381
Internal Service Funds	21,291	8,203	1,161	-	34,263,520
Total	$ 293,965	$ 8,203	$ 1,260	$ 13,419	$ 140,699,968

2. Advances To/From Other Funds

The General Fund has made cash advances to certain proprietary funds for imprest petty cash disbursements needs. The General Fund advances to other funds at June 30, 2015, are summarized below.

Proprietary Funds		
Vermont Lottery Fund	$	300,000
Liquor Control Fund		75
Non-major Proprietary Funds		200
Total	$	300,275

3. Interfund Receivables/Payables

The primary government cash in most funds is pooled in the State Treasurer's accounts. When a fund has a deficit cash balance, this amount is reclassified to a liability account - interfund payable. The General Fund reports the corresponding interfund receivable for the cash borrowed from the pool. The following funds at June 30, 2015, reported interfund payables. It is expected that certain amounts due the General Fund from the Internal Service Funds will not be repaid within one year. It is expected that these interfund payables will be reduced in future years through changes to billing rates and management of operations.

Proprietary Funds		
Non-major Enterprise Funds	$	2,700,823
Internal Service Funds		69,004,081
Fiduciary Funds		
Pension and OPEB Trust Funds		13,954,600
Agency Funds		11,088
Total	$	85,670,592

4. Inter - Primary Government/Component Unit Balances

Advances to component units consist of the amounts advanced under various agreements with component units to use the funds for specific programs. As the component unit uses the funds, the advance is reduced and expenditures are recognized by the State. At June 30, 2015, the General Fund advances to component units was $5,701,485 advanced to the Vermont Economic Development Authority (VEDA) for interest rate subsidies and grants to be issued at the direction of State agencies. The Special Fund advance was $30,389 to VEDA for emergency flood relief loans.

Due from component units/Due to primary government consist of the amounts owed to the primary government for programs administered by component units, in accordance with memoranda of understanding with State departments, and for the elimination of negative balances in the State Treasurer's pooled cash. Due from primary government/Due to component units consist of amounts appropriated from the primary government's funds to the component units that had not been disbursed by fiscal year end.

At June 30, 2015, these account balances are as follows.

	Vermont Housing & Conservation Board	Vermont Veteran's Home	Total
Due from Component Units			
General Fund	$ 2,303,009	$ 622,180	$ 2,925,189
	-	-	
Total	$ 2,303,009	$ 622,180	$ 2,925,189

5. Interfund Transfers

Transfers between funds occur when one fund collects revenues and transfers the assets to another for expenditure or when one fund provides working capital to another fund. All transfers are legally authorized by the Legislature through either statute or Appropriation Acts.

The Education Fund received transfers from the General Fund and the Vermont Lottery Commission to support the general State grant for local education. The Special Fund received transfers from the General Fund for the Next Generation Fund, from the Transportation Fund for FEMA related projects, from the Federal Revenue Fund for the earned income tax credit for the year, and from the Global Commitment Fund for special education school-based Medicaid services. The Global Commitment Fund received transfers from the General and Special Funds for Medicaid related services provided under the Vermont Global Commitment to Health Medicaid waiver.

Interfund transfers for the fiscal year ending June 30, 2015, are on the following page.

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	Transfers Out				
	Governmental Funds				
Transfers in	General Fund	Transportation Fund	Education Fund	Special Fund	Federal Revenue Fund
General Fund	$ -	$ -	$ -	$ 38,928,597	$ 10,366,076
Education Fund	297,614,493	-	-	7,637,472	-
Special Fund	3,332,484	31,492,043	-	-	21,040,476
Global Commitment Fund	237,237,718	-	-	305,791,646	-
Non-major Governmental Funds	64,815,930	4,942,394	-	1,368,447	1,160,101
Liquor Control Fund	-	-	-	107,235	-
Internal Service Funds	2,578,408	372,174	-	450,000	-
Total	$ 605,579,033	$ 36,806,611	$ -	$ 354,283,397	$ 32,566,653

continued below

	Transfers Out				
	Governmental Funds		Proprietary Funds		
Transfers in	Global Commitment Funds	Non-major Governmental Funds	Unemployment Compensation Trust Funds	Liquor Control Fund	Vermont Lottery Commission
General Fund	$ -	$ 1	$ -	$ 1,089,266	$ -
Education Fund	-	-	-	-	22,752,928
Special Fund	23,782,889	1,292,829	-	-	-
Federal Revenue Fund	-	2,336,455	-	-	-
Non-major Enterprise Funds	-	-	915,666	-	-
Internal Service Funds	-	2,500,000	-	-	-
Total	$ 23,782,889	$ 6,129,285	$ 915,666	$ 1,089,266	$ 22,752,928

continued below

	Transfers Out			
Transfers in	Non-major Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
General Fund	$ -	$ -	$ -	$ 50,383,940
Education Fund	-	-	-	328,004,893
Special Fund	-	632,940	-	81,573,661
Federal Revenue Fund	893,600	-	-	3,230,055
Global Commitment Fund	-	-	-	543,029,364
Non-major Governmental Funds	-	-	-	72,286,872
Liquor Control Fund	-	-	-	107,235
Non-major Enterprise Funds	-	-	-	915,666
Internal Service Funds	-	-	-	5,900,582
Total	$ 893,600	$ 632,940	$ -	$ 1,085,432,268

E. Capital Assets

1. *Capital Asset Activity*

Capital assets activity for the fiscal year ended June 30, 2015, was as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Reclassifications	Ending Balance
Capital assets, not being depreciated					
Land, land use rights, and land improvements	$ 128,374,283	$ 967,240	$ -	$ -	$ 129,341,523
Construction in process	534,628,907	341,905,120	(211,384,434)	(23,974,020)	641,175,573
Works of art	136,003	-	-	-	136,003
Total capital assets, not being depreciated	663,139,193	342,872,360	(211,384,434)	(23,974,020)	770,653,099
Capital assets, being depreciated					
Buildings and improvements	461,096,650	52,863,470	(7,186,604)	-	506,773,516
Machinery and equipment	283,209,682	87,003,713	(11,960,664)	-	358,252,731
Infrastructure	2,108,290,325	134,508,814	(12,672,142)	-	2,230,126,997
Total capital assets, being depreciated	2,852,596,657	274,375,997	(31,819,410)	-	3,095,153,244
Less accumulated depreciation for					
Buildings and improvements	(209,057,874)	(16,854,594)	3,373,513	-	(222,538,955)
Machinery and equipment	(133,944,114)	(26,783,381)	11,314,608	-	(149,412,887)
Infrastructure	(876,262,476)	(91,857,813)	12,672,146	-	(955,448,143)
Total accumulated depreciation	(1,219,264,464)	(135,495,788)	27,360,267	-	(1,327,399,985)
Capital assets, being depreciated, net	1,633,332,193	138,880,209	(4,459,143)	-	1,767,753,259
Governmental activities capital assets, net	$ 2,296,471,386	$ 481,752,569	$ (215,843,577)	$ (23,974,020)	$ 2,538,406,358

Business-type Activities	Beginning Balance	Additions	Deletions	Reclassifications	Ending Balance
Capital assets, not being depreciated					
Construction in process	$ 388,850	$ 1,206,316	$ -	$ -	$ 1,595,166
Total capital assets, not being depreciated	388,850	1,206,316	-	-	1,595,166
Capital assets, being depreciated					
Buildings and improvements	59,935	-	-	-	59,935
Machinery and equipment	2,183,577	169,307	(109,933)	-	2,242,951
Total capital assets, being depreciated	2,243,512	169,307	(109,933)	-	2,302,886
Less accumulated depreciation for					
Buildings and improvements	(54,884)	(1,918)	-	-	(56,802)
Machinery and equipment	(1,592,097)	(187,594)	104,064	-	(1,675,627)
Total accumulated depreciation	(1,646,981)	(189,512)	104,064	-	(1,732,429)
Capital assets, being depreciated, net	596,531	(20,205)	(5,869)	-	570,457
Business-type activities capital assets, net	$ 985,381	$ 1,186,111	$ (5,869)	$ -	$ 2,165,623

Fiduciary Activities	Beginning Balance	Additions	Deletions	Reclassifications	Ending Balance
Capital assets, not being depreciated					
Construction in process	$ 4,413,674	$ 660,984	$ (5,074,658)	$ -	$ -
Total capital assets, not being depreciated	4,413,674	660,984	(5,074,658)	-	-
Capital assets, being depreciated					
Machinery and equipment	2,197,175	5,074,659	-	-	7,271,834
Total capital assets, being depreciated	2,197,175	5,074,659	-	-	7,271,834
Less accumulated depreciation for					
Machinery and equipment	(1,183,795)	(645,153)	-	-	(1,828,948)
Total accumulated depreciation	(1,183,795)	(645,153)	-	-	(1,828,948)
Capital assets, being depreciated, net	1,013,380	4,429,506	-	-	5,442,886
Fiduciary activities capital assets, net	$ 5,427,054	$ 5,090,490	$ (5,074,658)	$ -	$ 5,442,886

Current period depreciation expense was charged to functions of the Primary Government as follows:

Governmental Activities		Business-type Activities	
General Government	$ 14,452,132	Liquor Control	$ 187,507
Protection to Persons and Property	5,686,454	Vermont Lottery Commission	2,005
Human Services	10,537,692	Vermont Life Magazine	-
Labor	124,940		
General Education	29,052	**Total**	$ 189,512
Natural Resources	1,980,388		
Commerce & Community Development	329,005	**Fiduciary Activities**	
Transportation	92,370,891		
Depreciation on capital assets held by Internal Service Funds	9,985,234	Pension Trust Funds	$ 645,153
Total	$ 135,495,788		

2. Impairment of Capital Assets

During the fiscal year ended June 30, 2012, the State recognized impairment losses for damage caused by Tropical Storm Irene. In accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, insurance recoveries during the year were used to offset the amount of loss that was recognized. During the fiscal year ended June 30, 2015, additional insurance recoveries in the amount of $4.4 million were received and recorded as revenues . Additional recoveries are expected; however the amounts are subject to negotiations with the company and cannot be reasonably estimated at this time.

F. Deferred Outflows and Deferred Inflows

Deferred outflows in the government-wide Statement of Net Position consist of the unamortized balance of losses related to refunding of debt, and pension contributions made subsequent to the measurement date. The difference between the reacquisition price (the amount placed in escrow to pay for advance refunding) and the net carrying amount of the old debt, is reported as a deferred outflow and recognized as a component of interest over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Balance, July 1, 2014	$ 6,909,872
Deferred amount on new refundings	2,540,815
Current year amortization	(1,036,003)
Balance, June 30, 2015	$ 8,414,684

Additional information regarding deferred outflows of resources and deferred inflows of resources related to pension liabilities can be found in Note IV. G. 4.

Deferred inflows in the governmental funds Balance Sheet consist of unavailable amounts related to revenue recognition. Revenues and other governmental fund financial resources are recognized in the accounting period in which they become both available and measurable. When an asset is recorded in governmental fund financial statements but the revenue is not available, a deferred inflow of resources is reported until such time as the revenue becomes available.

G. Long-term Liabilities

1. General Obligation & Special Obligation Bonds Payable

General obligation bonds payable have been authorized and issued primarily to provide funds for acquisition and construction of capital facilities for higher education, public and mental health, correctional facilities, environmental conservation purposes, maintenance and construction of highways, assistance to municipalities for construction of water and sewage systems, and local schools.

Once authorized by the Legislature, the State Treasurer, with the approval of the Governor, may issue general obligation bonds. The bonds are to be payable in substantially equal or diminishing amounts, the first such payment to be payable not later than five years after the date of the bonds, and the last such payment to be made no later than twenty years after the date of the bonds.

Special obligation transportation infrastructure bonds are limited obligations of the State of Vermont payable from and secured solely by a pledge of funds held in trust by the Peoples United Bank in accordance with the terms of a Trust Agreement. Funding sources for the pledged funds are funds to be received from the Motor Fuel Infrastructure Assessments as authorized by Act 50 of the 2009 legislative session. The proceeds from this issue are expected to be expended for transportation infrastructure purposes, namely the rehabilitation or replacement of State bridges, construction of roadway capacity projects.

The changes in bonds principal payable for fiscal year 2015 are summarized in the following schedule.

	General Obligation Bonds	Special Obligation Bonds	Total Obligation Bonds
Balance, July 1, 2014	$ 560,850,000	$ 32,865,000	$ 593,715,000
Additions:			
Issuances	109,760,000	-	109,760,000
Total	109,760,000	-	109,760,000
Deductions:			
Redemptions	(48,240,000)	(1,470,000)	(49,710,000)
Defeasance	(37,170,000)	-	(37,170,000)
Total	(85,410,000)	(1,470,000)	(86,880,000)
Balance, June 30, 2015	$ 585,200,000	$ 31,395,000	$ 616,595,000

General obligation and special obligation transportation infrastructure bonds outstanding at June 30, 2015, are shown on the following page:

General Obligation and Special Obligation Transportation Infrastructure Bonds Outstanding at June 30, 2015

Date Issued	Date Series Matures	Interest Rates %	Amount of Original Issue	Maturity Value Sources of Payments: General Fund	Transportation Fund	Special Fund	Maturity Value of Bonds Outstanding Total
General Obligation Current Interest Bonds:							
11/22/2005	7/15/2025	3.5 to 5.0	$ 30,000,000	$ 750,000	$ -	$ -	$ 750,000
12/13/2005	7/15/2015	3.1 to 4.0	15,000,000	1,500,000	-	-	1,500,000
2/21/2007	7/15/2026	4.0 to 5.0	30,000,000	1,500,000	-	-	1,500,000
3/15/2007	7/15/2016	3.375 to 4.0	9,500,000	1,900,000	-	-	1,900,000
3/15/2007	7/15/2016	3.375 to 4.0	5,000,000	1,000,000	-	-	1,000,000
11/28/2007	7/15/2027	3.50 to 5.25	35,000,000	3,600,000	-	-	3,600,000
12/20/2007	7/15/2017	3.0 to 4.0	11,000,000	3,300,000	-	-	3,300,000
12/20/2007	7/15/2017	3.0 to 5.0	29,195,000	1,400,828	34,172	-	1,435,000
3/11/2009	3/1/2029	2.0 to 5.0	50,500,000	27,710,000	7,640,000	-	35,350,000
2/3/2010	8/15/2016	2.0 to 5.0	11,200,000	3,200,000	-	-	3,200,000
2/3/2010	8/15/2029	3.75 to 5.2	40,800,000	40,800,000	-	-	40,800,000
3/11/2010	8/15/2019	2.0 to 2.8	20,000,000	10,000,000	-	-	10,000,000
3/11/2010	8/15/2021	2.0 to 5.0	29,155,000	24,595,000	-	-	24,595,000
3/11/2010	8/15/2021	2.0 to 5.0	9,675,000	9,330,000	-	-	9,330,000
10/26/2010	8/15/2030	1.45 to 4.7	46,250,000	45,000,000	-	-	45,000,000
11/30/2010	8/15/2020	1.5 to 5.0	25,000,000	15,000,000	-	-	15,000,000
3/21/2012	8/15/2022	0.6 to 3.0	25,000,000	18,700,000	-	-	18,700,000
3/21/2012	8/15/2030	3.0 to 3.5	28,000,000	28,000,000	-	-	28,000,000
3/21/2012	8/15/2016	1.0 to 2.0	10,000,000	3,700,000	-	-	3,700,000
3/21/2012	8/15/2025	0.6 to 5.0	69,060,000	65,522,441	1,262,559	-	66,785,000
10/11/2012	8/15/2024	2.0 to 5.0	26,765,000	24,335,000	-	-	24,335,000
10/11/2012	8/15/2032	2.0 to 5.0	66,420,000	59,530,000	-	-	59,530,000
11/14/2013	8/15/2028	2.0 to 5.0	25,000,000	22,500,000	-	-	22,500,000
11/14/2013	8/15/2033	2.0 to 5.0	42,810,000	41,915,000	-	-	41,915,000
11/14/2013	8/15/2024	3.0 to 5.0	18,935,000	11,125,000	-	590,000	11,715,000
12/9/2014	8/15/2029	0.14 to 5.0	20,310,000	20,310,000	-	-	20,310,000
12/9/2014	8/15/2034	5.00	53,245,000	53,245,000	-	-	53,245,000
12/9/2014	8/15/2027	3.0 to 5.0	36,205,000	35,619,130	265,870	320,000	36,205,000
Total General Obligation Current Interest Bonds				**575,087,399**	**9,202,601**	**910,000**	**585,200,000**
Special Obligation Transportation Infrastructure Bonds:							
8/3/2010	6/15/2030	2.0 to 4.0	14,400,000	-	11,465,000	-	11,465,000
8/9/2012	6/15/2032	2.0 to 3.0	10,820,000	-	9,505,000	-	9,505,000
8/8/2013	6/15/2033	3.0 to 4.25	11,165,000	-	10,425,000	-	10,425,000
Total Special Obligation Transportation Bonds				**-**	**31,395,000**	**-**	**31,395,000**
Total General Obligation and Special Obligation Bonds				**$ 575,087,399**	**$ 40,597,601**	**$ 910,000**	**$ 616,595,000**

At June 30, 2015, there remains $99,737,844 of authorized but unissued general obligation bonds.

Future general and special obligation debt service requirements at June 30, 2015 are as follows:

Fiscal Year	General Obligation Current Interest Bonds Principal	General Obligation Current Interest Bonds Interest	Special Obligation Current Interest Bonds Principal	Special Obligation Current Interest Bonds Interest	Total
2016	$ 48,495,000	$ 22,570,062	$ 1,510,000	$ 994,913	$ 73,569,975
2017	45,480,000	21,627,931	1,545,000	956,413	69,609,344
2018	42,770,000	19,876,460	1,590,000	913,738	65,150,198
2019	41,875,000	18,196,491	1,635,000	869,688	62,576,179
2020	40,105,000	16,443,371	1,675,000	822,663	59,046,034
2021-2025	179,590,000	58,366,246	9,180,000	3,339,824	250,476,070
2026-2030	134,085,000	24,064,106	10,680,000	1,819,974	170,649,080
2031-2035	52,800,000	4,145,475	3,580,000	250,275	60,775,750
Totals	$ 585,200,000	$ 185,290,142	$ 31,395,000	$ 9,967,488	$ 811,852,630

2. Bond Refundings

During the 2015 fiscal year, the State issued general obligation refunding bonds 2014 Series C in the amount of $36,205,000 to be used solely to refund portions of the State's general obligation bonds. Through advanced refunding, portions of the 2005 Series C Bonds, 2007 Series A Bonds and 2007 Series D Bonds were refunded with proceeds from the 2014 Series C Bonds on a current basis of $37,170,000. The total refunded amount of $37,170,000 results in defeasance of debt and the liabilities have been removed from the State's financial statements. Total proceeds inclusive of premium for the 2014 Series C is $40,182,501, after paying $247,710 in refunding bond issuance costs, $39,934,791 was paid to the bond escrow agent. The net carrying value of the refunded debt was $37,393,976. The State has taken advantage of lower interest rates; and has decreased its aggregate debt service payments by $3,480,778 over the twelve years ending June 2028. The economic gain (the present value of the debt service savings) for the State through this transaction is $3,027,760 using a discount rate of 2.2265581%.

During fiscal years 2015, 2012, and 2010, the State defeased "in-substance" certain general obligation bonds by issuing new bonds and by placing the proceeds of these new bonds in an irrevocable trust. These trust assets are utilized to make all debt service payments on the defeased bonds. Accordingly, these trust assets and the liability for the defeased bonds are not included in the State's financial statements.

The total amount of defeased bonds remaining outstanding at June 30, 2015, is $68,000,000.

3. Lease Commitments

A. Operating Leases

The State is committed under various operating leases covering real property (land and buildings) and equipment. Although lease terms vary, certain leases continue subject to appropriation by the General Assembly. If continuation is reasonably assured, leases requiring appropriation by the General Assembly are considered non-cancelable leases for financial reporting purposes. It should also be noted that the State is currently negotiating a small number of operating leases on which rent is being paid on a month-by-month basis and for which there is no signed agreement. These leases have not been included in the following table.

Total lease payments paid by the primary government in fiscal year 2015 was $17,181,995 for operating leases of which $17,051,878 was paid for property leases, $129,667 for equipment leases and $450 for cancellable land rentals.

The following is a summary of the estimated future minimum rental commitments under operating leases for real property and equipment at June 30, 2015:

	Primary Government		
Fiscal Year	Non-Cancelable Leases	Cancelable Leases	Total
2016	$ 12,902,735	$ 450	$ 12,903,185
2017	9,648,482	450	9,648,932
2018	8,568,166	450	8,568,616
2019	7,929,408	450	7,929,858
2020	7,167,003	450	7,167,453
2021 - 2025	21,805,742	2,250	21,807,992
2026 - 2030	803,495	2,250	805,745
Totals	$ 68,825,031	$ 6,750	$ 68,831,781

B. Capital Leases

The State has entered into capital lease arrangements to acquire various items of machinery and equipment and building improvements with a present value of minimum lease payments totaling $15,624,855 at the commencement of the lease agreements. The majority of the present value amount is from a building lease between ReArch Company, LLC. and the State of Vermont. The agreement is one piece of a multi-part downtown redevelopment strategy for the City of St. Albans. Various State agencies and Departments commenced leasing the new office space in December, 2014. The lease commitment assumes a 20 year term; however, the agreement has an option that would allow the State to purchase the property on the tenth anniversary of the lease. The present value amount of the new building lease is $11,819,357. In addition, the State continues to lease from HLFB, Inc., for energy efficiency projects for State buildings located in Montpelier, Waterbury and Middlesex. The present value amount from the HLFB agreement is $3,776,619.

Capital lease payments for the primary government in 2015 totaled $976,786 with $7,458 for machinery and equipment, $392,036 for building improvements, and $577,292 for the building lease in St. Albans.

The future minimum lease obligation and the net present value of the minimum lease payments at June 30, 2015 are as follows:

Fiscal Year	Primary Government
2016	$ 1,293,610
2017	1,316,446
2018	1,341,678
2019	1,048,470
2020	964,354
2021-2025	5,157,167
2026-2030	5,764,051
2031-2035	5,649,662
Total minimum lease payments	22,535,438
Less interest	(10,660,337)
Present value of minimum lease payments	$ 11,875,101

4. Retirement Plans and Other Postemployment Benefits

In accordance with State statutes, the State Treasurer and the individual retirement systems' Board of Trustees administer the State's three defined benefit pension plans and two defined contribution plans. In addition to providing pension benefits, the State also offers other postemployment medical insurance benefit plans to retirees of the Vermont State Retirement System and State Teachers' Retirement System. Disclosures relating to defined benefit pension plans are included in 4. A. below, those relating to defined contribution pension plans are included in 4. B. below, and those relating to other postemployment benefits (OPEB) are included in 4. C. below.

These systems are considered part of the State's reporting entity and are included in the accompanying financial statements as pension and other postemployment benefit trust funds in the fiduciary fund type. There are no separate stand-alone financial statements issued for these plans.

Summary of significant accounting policies – basis of accounting and valuation of investments
The financial statements for the pension and other postemployment benefit trust funds are prepared using the accrual basis of accounting. Plan members' contributions are recognized in the period in which the contributions are due. The employers' contributions are recognized when legally due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from the plans' net position have been determined on the same basis as they are reported by the pension plans. All investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on June 30, 2015. Securities without an establish market are reported at estimated fair value. Additional information on the plans' investments may be found in Note IV. B. - Investments.

A. Defined Benefit Retirement Plans

The State has implemented GASB Statement No. 68, *Accounting and Reporting for Pensions* and GASB Statement No. 71, *Pension Transitions for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, for the fiscal year ending June 30, 2015. GASB Statement No. 68 replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers* and requires that employers report a net pension liability (NPL) and related pension expense as determined by the plan under the requirements contained in GASB Statement No. 67. GASB Statement No. 71 requires that upon implementation of GASB Statement No. 68, a government recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability.

Implementation of these new financial reporting standards required that the State restate its beginning net position as of July 1, 2014, for the cumulative effects of applying this statement. In addition, in accordance with the provisions of these statements, beginning balances of deferred pension outflows of resources and deferred pension inflows of resources have not been reported, except for recognizing the beginning balance for deferred outflows of resources for pension contributions made subsequent to the measurement date of the beginning pension liability but before the start of the State's fiscal year. Disclosures required under GASB Statement No. 68 only apply to the two defined benefit plans for which the State is required to fund the Net Pension Liability (See Section A.2. below, page 123).

The State implemented GASB Statement No. 67, Financial Reporting for Pension Plans for the fiscal year ending June 30, 2014. This statement replaced the requirements of GASB Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and specified the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan. GASB Statement No. 67 required plans to calculate a net pension liability (or NPL) to be measured as the total pension liability less the amount of the pension plan's fiduciary net position. Disclosures required under GASB Statement No. 67 include all defined benefit pension plans for which the State acts as a fiduciary (See Section A.3. below, page 129).

Neither of these new Statements affects the way that a government may chose to fund their pension obligations. While GASB Statement No. 68 changes the amount of the pension liability that is reported on the financial statements, governments may continue to fund their plans by calculating an actuarially determined contribution and measuring their funded status as it relates to that actuarially determined contribution. GASB Statement No. 68 requires certain disclosures if an actuarially determined contribution has been calculated. The disclosures, which include schedules presenting the actuarially determined contribution, the amount of those contributions recognized by the plan, the difference between the two amounts, the amount of covered-employee payroll, and the contributions as a percentage of covered-employee payroll are included as Required Supplementary Information and Notes to Required Supplementary Information (See page 165).

Information regarding funding progress of the unfunded actuarial accrued liability, previously required by GASB Statement No. 27, is not required by GASB Statement No. 68. Management believes this information is useful to users of the State's financial statements, and has included discussions on funding progress in the Management's Discussion and Analysis. The discussion includes information on all plans for which the State acts as a fiduciary (See page 35).

In order to provide the necessary disclosures that are required under the various GASB Statements, the disclosures below are separated into three sections. The first section (Disclosures about the Defined Benefit Retirement Plans) offers disclosures about the plans themselves - descriptions of the plans and who is covered; an analysis of the membership of the various groups of the various plans as of the end of the fiscal year; a discussion of benefits provided by each of the plans, and the financial statements of each of the three defined benefit plans.

The second section (Financial Reporting of Net Pension Liability and Pension Expense by the Employer as required by GASB Statement No. 68) provides funding information regarding the pension plans that are required by GASB Statement No. 68 - changes in net pension liability, balances of deferred pension outflows of resources and deferred pension inflows of resources (including prospective schedules of amortization of the deferred outflows and inflows), and the calculation of pension expense for the year.

The third section (Net Pension Liability and Disclosures required by GASB Statement No. 67) provides the information that is required by GASB Statement No. 67 - the calculation of the net pension liability; the actuarial assumptions and census data that were used in calculating that NPL; the discount rate that was used in the calculations; and the sensitivity of the NPL to changes in the discount rate. The Statement of Net Plan Position and the Statement of Changes in Plan Net Position for the fiscal year ended June 30, 2015 are included at the end of this section.

1. Disclosures about the Defined Benefit Retirement Plans

This first section provides the disclosures about the defined benefit retirement plans required by GASB Statement No. 67, including the plan descriptions, benefits and membership at June 30, 2015.

Plan Descriptions

The Vermont State Retirement System (VSRS) (3 V.S.A. Chapter 16) is a single-employer defined benefit pension plan which covers substantially all general State employees and State Police, except employees hired in a temporary capacity. Membership in the system is a condition of employment.

Management of the plan is vested in the VSRS Retirement Board, which consists of an appointee of the governor; state treasurer; commissioner of human resources; commissioner of finance and management; three members of the Vermont State Employees' Association who are active members of the system (each chosen by such association in accordance with its articles of association) and one retired state employee who is a beneficiary of the system (to be elected by the Vermont Retired State Employees' Association).

The State Teachers' Retirement System (STRS) (16 V.S.A. Chapter 55) is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation. It covers nearly all public day school and nonsectarian private high school teachers and administrators as well as teachers in schools and teacher training institutions within and supported by the State that are controlled by the State Board of Education. Membership in the system for those covered classes is a condition of employment. During the year ended June 30, 2015, the retirement system consisted of 287 participating employers.

Management of the plan is vested in the STRS Board of Trustees, which consists of the secretary of education (ex-officio); the state treasurer (ex-officio); the commissioner of financial regulation (ex-officio); two trustees and one alternate who are members of the system (each elected by the members of the system under rules adopted by the board) and one trustee and one alternate who are retired members of the system receiving retirement benefits (who are elected by the Association of Retired Teachers of Vermont).

The Vermont Municipal Employees' Retirement System (MERS) (24 V.S.A., Chapter 125) is a cost-sharing, multiple-employer defined benefit pension plan designed for school districts and other municipal employees that work on a regular basis and also includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirement is required to join the system. During the year ended June 30, 2015, the retirement system consisted of 437 participating employers.

Management of the plan is vested in the MERS Retirement Board of Trustees, which consists of the state treasurer; two employee representatives who at all times during their term of office are contributing members and have completed five years of creditable service (each elected by the membership of the system); one employer representative who shall at all times during their term of office be a member of the governing body, chief executive officer or supervisor of a participating employer (elected by the membership of the system) and one employer representative who shall at all times during their term of office be a member of the governing body, chief executive officer or supervisor of a participating employer (appointed by the governor from candidates jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association).

Copies of each individual defined benefit retirement plan's annual actuarial valuation report, and information describing each defined benefit plan's provisions in greater detail, are available for inspection at the Retirement Division, Office of the State Treasurer, 109 State Street, Montpelier, Vermont 05609-6901.

Membership of the Vermont State Retirement System is made up of the following:

· general employees who did not join the non-contributory system on July 1, 1981 (Group A);
· State police, law enforcement positions, and airport firefighters (Group C);
· judges (Group D);
· terminated vested members of the non-contributory system (Group E); and
· all other general employees (Group F).

Membership of the State Teachers' Retirement System is made up of the following:

· general teachers who did not join the non-contributory system on July 1, 1981 (Group A);
· terminated vested members of the non-contributory system (Group B); and
· all other general teachers (Group C).

Membership of the Vermont Municipal Employees' Retirement System is made up of the following:

- general employees whose legislative bodies have not elected to become a member of Group B or Group C (Group A);
- general employees whose legislative bodies have elected to become members of Group B or Group C (Group B & C);
- sworn police officers, firefighters and emergency medical personnel (Group D);

At June 30, 2015, the State Treasurer's Office reports the following membership of each of the defined benefit plans by status and group.

Vermont State Retirement System	Total	Group A	Group C	Group D	Group F *Hired Before 7/1/08*	Group F *Hired After 7/1/08*
Vested Active Members	5,465	6	328	36	4,685	410
Non-vested Active Members	2,981	-	114	12	18	2,837
Total Active Members	8,446	6	442	48	4,703	3,247
Retirees and beneficiaries currently receiving benefits	6,204	224	395	60	5,513	12
Terminated employees entitled to benefits but not yet receiving them (vested)	735	5	26	1	703	-
Inactive members	891	-	29	-	253	609
Total Members	16,276	235	892	109	11,172	3,868

Vermont State Teachers Retirement System	Total	Group A	Group C Total	Group C - Group 1	Group C - Group 2
Vested Active Members	7,295	9	7,286	1,044	6,242
Non-vested Active Members	2,290	-	2,290	18	2,272
Total Active Members	9,585	9	9,576	1,062	8,514
Retirees and beneficiaries currently receiving benefits	8,484	1,082	7,402		
Terminated employees entitled to benefits but not yet receiving them (vested)	1,163	26	1,137		
Inactive members	2,260	2	2,258		
Total Members	21,492	1,119	20,373		

Vermont Municipal Employees Retirement System	Total	Group A	Group B	Group C	Group D
Vested Active Members	4,026	1,544	1,922	454	106
Non-vested Active Members	2,659	1,011	1,294	304	50
Total Active Members	6,685	2,555	3,216	758	156
Retirees and beneficiaries currently receiving benefits	2,539	1,029	1,201	281	28
Terminated employees entitled to benefits but not yet receiving them (vested)	837	471	339	22	5
Inactive members	1,958	1,020	853	75	10
Total Members	12,019	5,075	5,609	1,136	199

Contributions

Vermont State Retirement System. Title 3 VSA Chapter 16 of Vermont Statutes grant the authority to the retirement board to review annually the amount of state contribution recommended by the actuary of the retirement system as necessary to achieve and preserve the financial integrity of the fund, and submit this recommendation to the Governor and both houses of the Legislature. Employee contributions are established in Chapter 16. Contribution rates for the fiscal year ended June 30, 2015 for the various groups are as follows:

Vermont State Retirement System	Group A	Group C	Group D	Group F
Employee Contributions	6.40% of gross payroll	8.28% of gross payroll	6.40% of gross payroll	6.40% of gross payroll
Employer Contributions	10.04% of gross payroll	10.04% of gross payroll	10.04% of gross payroll	10.04% of gross payroll

State Teachers' Retirement System. Title 16 VSA Chapter 55 of Vermont Statutes grant the authority to the board of trustees of the system to annually review the amount of State contribution recommended by the actuary of the retirement system to achieve and preserve the financial integrity of the fund, and submit this recommendation to the Governor and both houses of the Legislature. The board of trustees also certifies the rates of contribution payable by employees. Contribution rates for the fiscal year ended June 30, 2015 for the various groups are as follows:

Vermont State Teachers Retirement System	Group A	Group C - Group #1	Group C - Group #2
Employee Contributions	5.50% of gross payroll	5.00% of gross payroll	5.00% of gross payroll
Non-employer Contributions	Appropriation based on June 2013 actuarial recommendation of amount needed to fund benefits earned during the year (1.89% of projected payroll), plus amount needed to liquidate the accrued liability over the remaining amortization period ($62,727,326)		

Vermont Municipal Employees Retirement System. Title 24 VSA Chapter 125 of Vermont Statutes grant the authority to the retirement board to annually review the amount of municipalities contribution recommended by the actuary of the retirement system to achieve and preserve the financial integrity of the fund, and certify the rates of contributions payable by employers. The board of trustees also certifies the rates of contribution payable by employees. Contribution rates for the fiscal year ended June 30, 2015, for the various groups are as follows:

Vermont Municipal Employees Retirement System	Group A	Group B	Group C	Group D
Employee Contributions	2.5% of gross payroll	4.75% of gross salary to 6/30/15; 4.875% of gross salary after 7/1/15	9.625% of gross salary to 12/31/14; 9.75% of gross salary to 6/30/15; 9.875% of gross salary after 7/1/15	11.125% of gross salary to 6/30/15; 11.35% of gross salary after 7/1/15
Employer Contributions	4% of gross payroll	5.375% of gross payroll to 6/30/15; 5.50% of gross salary after 7/1/15	6.875% of gross salary to 12/31/14; 7.0% of gross salary to 6/30/15; 7.125% of gross salary after 7/1/15	9.75% of gross salary to 6/30/15; 9.85% of gross salary after 7/1/15

Benefits provided

Benefit terms are established or amended in accordance with 3 V.S.A. Chapter 16 for the Vermont State Retirement System, in accordance with 16 V.S.A. Chapter 55 for the Vermont State Teachers Retirement System, and in accordance with 24 V.S.A Chapter 125 for the Vermont Municipal Employees Retirement System.

Details of the pension benefits provided by each of the retirement plans are included on the next 3 pages.

Vermont State Retirement System	Group A	Group C	Group D	Group F *Hired Before 7/1/08*	Group F *Hired After 7/1/08*
Average Final Compensation (AFC)	Highest 3 consecutive years, including unused annual leave payoff	Highest 2 consecutive years, including unused annual leave payoff	Final salary at retirement	Highest 3 consecutive years, excluding unused annual leave payoff	Same
Benefit Formula	1.67% X AFC x creditable service	2.5% X AFC x creditable service up to 20 years	3.33% X AFC x creditable service (after 12 years in Group D)	1.25% X AFC x service prior to 12/31/90 + 1.67% X AFC x service after 1/1/91	Same
Maximum Benefit Payable	100% of AFC	50% of AFC	100% of Final Salary	50% of AFC	60% of AFC
Normal Retirement (no reduction)	Age 65 with 5 years of service or 62 with 20 years of service	Age 55 (mandatory) with 5 years of service	Age 62 with 5 years of service	Age 62 or with 30 years of service	Age 65 or a combination of age & service credit that equals 87
Early Retirement Eligibility	Age 55 with 5 years of service or 30 years of service (any age)	Age 50 with 20 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service	Same
Early Retirement Reduction	Actuarially reduced benefit if under 30 years of service	No reduction	3% per year from age 62	6% per year preceding age 62	Monthly reduction preceding age 65 based on years of service: 35+ years - 1/8th of 1%; 30-34 years - 1/4th of 1%; 25-29 years - 1/3rd of 1%; 20-24 years - 5/12th of 1%; less than 20 years - 5/9th of 1%
Post-Retirement COLA	Full CPI, from a minimum of 1% up to a maximum of 5%, after 12 months of retirement	Full CPI, from a minimum of 1% up to a maximum of 5%, after 12 months of retirement	Full CPI, from a minimum of 1% up to a maximum of 5%, after 12 months of retirement	100% of CPI, from a minimum of 1% up to a maximum of 5%, after reaching age 62, or if retired after 7/1/2008 with 30 years of service	100% of CPI, from a minimum of 1% up to a maximum of 5%, after reaching age 65 or age and service to equal 87
Disability Benefit	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC, with children's benefit of 10% of AFC to maximum of three concurrently	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC	Same
Death-in-Service Benefit	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	70% of accrued benefit with no actuarial reduction applied, plus children's benefit	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Same

Vermont State Teachers Retirement System	Group A	Group C - Group #1 *	Group C - Group #2 ++
Average Final Compensation (AFC)	Highest 3 consecutive years, including unused annual leave, sick leave, and bonus/incentives	Highest 3 consecutive years, excluding all payments for anything other than service actually performed	Highest 3 consecutive years, excluding all payments for anything other than service actually performed
Benefit Formula	1.67% X creditable service X AFC	1.25% X service prior to 6/30/90 X AFC + 1.67% X service after 7/1/90 X AFC	1.25% X service prior to 6/30/90 X AFC + 1.67% X service after 7/1/90 X AFC, 2% X AFC after attaining 20.0 years
Maximum Benefit Payable	100% of AFC	53.34% of AFC	60% of AFC
Normal Retirement (no reduction)	Age 60 or with 30 years of service	Age 62 or with 30 years of service	Age 65 or when the sum of age and service credit equals 90
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction	Actuarial reduction	6% per year from age 62	Actuarial reduction
Post-Retirement COLA	Full CPI, up to a maximum of 5%, after 12 months of retirement; minimum of 1%	50% CPI, up to a maximum of 5% after 12 months of retirement or with 30 years; minimum of 1%	50% CPI, up to a maximum of 5% minimum of 1% after 12 months of normal retirement or age 65
Disability Benefit	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC	Unreduced, accrued benefit with minimum of 25% of AFC
Death-in-Service Benefit	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefit up to maximum of three concurrently	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied plus children's benefits up to maximum of three concurrently

* Group #1 are members who were within 5 years of normal retirement (age 62 or 30 years of service) on June 30, 2010.

++ Group #2 members who were under 57 years of age or had less than 25 years of service on June 30, 2010.

Vermont Municipal Employees Retirement System	Group A	Group B	Group C	Group D
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years
Benefit Formula	1.4% X creditable service X AFC	1.7% X creditable service X AFC + previous service:1.4% X Group A X AFC	2.5% X creditable service X AFC + previous service:1.4% X Group A X AFC; 1.7% X Group B X AFC	2.5% X creditable service X AFC + previous service:1.4% X Group A X AFC; 1.7% X Group B X AFC; 2.5% X Group C X AFC
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC
Normal Retirement (no reduction)	Age 65 with 5 years of service or 55 with 35 years of service	Age 62 with 5 years of service or 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 50 with 20 years of service
Early Retirement Reduction	6% per year from age 62 **	6% per year from age 65 **	N/A	No reduction
Post-Retirement COLA	50 % of CPI, up to 2% per year	50 % of CPI, up to 3% per year	50 % of CPI, up to 3% per year	50 % of CPI, up to 3% per year
Disability Benefit	Unreduced, accrued benefit	Unreduced, accrued benefit	Unreduced, accrued benefit	Unreduced, accrued benefit plus children's benefit representing 10% of AFC to maximum of three concurrently
Death-in-Service Benefit	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied	70% of accrued benefit with no actuarial reduction applied, plus children's benefit

** A special early retirement factor of 3% per year only for municipal police officers who have attained age 60.

2. Employer Reporting of Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension Plans as required by GASB Statement No. 68

This section includes the information that is required to be reported by employers per GASB Statement No. 68. It reports information regarding the calculation of the State's net pension liability, including changes during the measurement period in both total pension liability and plan net position; balances in the various components of deferred pension outflows of resources and deferred pension inflows of resources and the amounts to be recognized in pension expense in future periods; and the calculation of pension expense. In addition to presenting the NPL, this section also includes information on the actuarial assumptions and census data used in the valuation, the discount rate that was used to calculate the NPL, and disclosures as to the sensitivity of the NPL to changes in the discount rate.

The State is responsible for 98.2355% of the VSRS net pension liability. The Vermont Veterans' Home (a discrete component unit) is responsible for 1.7645% of the VSRS net pension liability. The STRS is a cost-sharing multiple-employer plan with a special funding situation. The State is responsible for 100% of the STRS net pension liability as a non-employer contributing entity. The information is presented in this section is for those two plans. The State does not participate in the MERS plan, so no employer information is presented for that plan.

Reporting Date, Measurement Date, and Valuation Date (Employer Reporting)

Net pension liabilities, deferred pension outflows of resources, deferred pension inflows of resources, and pension expense are all presented as of the State's reporting date (June 30, 2015) and for the State's reporting

period (the year ended June 30, 2015). These amounts are measured as of the measurement date and for the measurement period (the period between the prior and current measurement dates). GASB Statement No. 68 requires that the current measurement date be no earlier than the end of the employer's prior fiscal year. For the reporting date of June 30, 2015, the State has chosen to use the end of the prior fiscal year (June 30, 2014) as the measurement date, and the year ended June 30, 2014 as the measurement period.

The total pension liability is determined by an actuarial valuation performed as of the measurement date, or by the use of update procedures to roll forward to the measurement date amounts from an actuarial valuation as of a date no more than 30 months and 1 day earlier than the employer's most recent fiscal year-end. The State has elected to apply update procedures to roll forward amounts from an actuarial valuation performed as of June 30, 2013, to the measurement date of June 30, 2014.

Net Pension Liabilities (Employer Reporting)

The net pension liability (NPL) is measured as the portion of the actuarial present value of projected benefit payments that is attributable to past periods of employee service, net of the pension plan's fiduciary net position. The changes in the components for the measurement period are as follows (amounts are in thousands):

	Vermont State Retirement System Increase (Decrease)			State Teachers' Retirement System Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a-b)	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a-b)
Balances - June 30, 2013	$ 1,917,377	$ 1,470,492	$ 446,885	$ 2,565,354	$ 1,554,352	$ 1,011,002
Changes for the year:						
Service cost	39,369	-	39,369	33,144	-	33,144
Interest	156,635	-	156,635	206,151	-	206,151
Contributions - employer	-	56,483	(56,483)	-	51,440	(51,440)
Contributions - employee	-	31,746	(31,746)	-	32,559	(32,559)
Net investment income	-	203,722	(203,722)	-	212,338	(212,338)
Benefit payments, including refunds of contributions	(104,493)	(104,493)	-	(140,847)	(140,847)	-
Administrative expenses	-	(1,158)	1,158	-	(1,475)	1,475
Other changes	-	454	(454)	-	(3,002)	3,002
Net changes	91,511	186,754	(95,243)	98,448	151,013	(52,565)
Balances - June 30, 2014	$ 2,008,888	$ 1,657,246	$ 351,642	$ 2,663,802	$ 1,705,365	$ 958,437
Plan fiduciary net position as a percentage of total pension liability			82.50%			64.02%

Proportionate Share of Net Pension Liability

	Vermont State Retirement System		State Teachers' Retirement System		
	Percentage	Amount	Percentage	Amount	Total
Governmental activities	97.3817%	$ 342,435	100.0000%	$ 958,437	$ 1,300,872
Business type activities	0.8538%	3,002	-	-	3,002
Discrete component unit	1.7645%	6,205	-	-	6,205
Total Net Pension Liability	100.0000%	$ 351,642	100.0000%	$ 958,437	$ 1,310,079

Additional information regarding the changes in the net pension liability for the year ended June 30, 2015 can be found in the Required Supplementary information immediately following these notes to the financial statements.

Deferred Pension Outflows of Resources and Deferred Pension Inflows of Resources (Employer Reporting)

Most changes in the net pension liability are included in pension expense during the year of change. Changes resulting from current-period service cost, interest on the total pension liability, and changes in benefit terms are required to be included in pension expense immediately. Similarly, projected earnings on the pension plan's investments are also required to be included in the determination of pension expense immediately.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods, depending on the nature of the change.

The effect on the net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. Changes in the net pension liability not included in pension expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to pensions. This treatment arises from the concept that these changes result from the use of estimates, where probabilities of events range from zero to 100 percent, while actual events either occur or do not occur. Therefore, differences between some estimates and actual experience will occur with every measurement that incorporates future events.

The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), beginning with the current period. Changes in the net pension liability not included in pension expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to pensions. This treatment arises from the concept that pensions arise from an exchange between employer and employee of salaries and benefits for employee service each period and that these transactions and related pension measurements are viewed in the context of ongoing, career-long employment relationships.

Employer contributions subsequent to the measurement date of the net pension liability are required to be reported as deferred outflows of resources, and will be recognized as a reduction of the net pension liability at June 30, 2016..

As of June 30, 2015, the State reported the following deferred pension outflows of resources and deferred pension inflows of resources (amounts are in thousands):

	Primary Government		Discrete Component Units	
Source	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on plan investments	$ -	$ 181,947	$ -	$ 1,586
Change in proportion and the effect of certain employer contributions on the employer's net pension liability	477	121	-	356
Employer contributions made subsequent to the measurement date	127,856	-	934	-
Total	$ 128,333	$ 182,068	$ 934	$ 1,942

The amount reported as deferred pension outflows of resources resulting from employer contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability at June 30, 2016 and is included in the table below. The deferred pension outflows of resources and deferred pension inflows of resources, as discussed on the previous page, will be recognized in pension expense as follows (amounts are in thousands):

Year Ended June 30	Primary Government	Discrete Component Units
2016	$ 82,441	$ 466
2017	(45,415)	(469)
2018	(45,416)	(467)
2019	(45,416)	(467)
2020	71	(71)
Thereafter	-	-
Total	$ (53,735)	$ (1,008)

Pension Expense (Employer Reporting)

As discussed above, most changes in the net pension liability are included in pension expense in the year of change, including changes resulting from current-period service cost, interest on the total pension liability, changes in benefit terms, and projected earnings on the pension plan's investments. Other changes in net pension liability are recorded as deferred pension outflows of resources and deferred pension inflows of resources, and included in pension expense on a systematic and rational manner over current and future periods.

Pension expense for the year ended June 30, 2015, is as follows (amounts are in thousands):

	Primary Government	Component Units
Service cost	$ 71,818	$ 695
Employee contributions	360,021	2,764
Interest on total pension liability	(63,744)	(561)
Plan administrative costs and other changes	5,169	12
Projected earnings on plan investments	(185,032)	(1,612)
Recognition (amortization) of deferred pension outflows of resources:		
Changes in proportional share of contributions	96	-
Recognition (amortization) of deferred pension inflows of resources:		
Net difference between projected and actual investment earnings	(45,487)	(396)
Changes in proportional share of contributions	(25)	(71)
Total Pension Expense	$ 142,816	$ 831

Actuarial Methods and Assumptions (Employer Reporting)

Methods and assumptions used to determine pension expense and total pension liability are based on a valuation date of June 30, 2013 for VSRS and STRS. The chart on the following page summarizes these methods and assumptions.

	VSRS	STRS
Valuation date	6/30/2013	6/30/2013
Inflation assumptions	3.00% - 3.25%	3.00% - 3.25%
Investment rate of return	6.25% - 9.00%	6.25% - 9.00%
Projected salary increases	3.00% - 7.79%	4.25% - 8.40%
Cost of living adjustments	1.5% - 3.0%	1.5% - 3.0%
Post Retirement Adjustments Allowances in payment for at least one year adjusted for cost of living based on CPI but not in excess of percentage indicated	Groups A, C, D - 5%	Group A - 5%
Allowances in payment for at least one year increased on January 1 by one-half of the percentage increase in the CPI but not in excess of percentage indicated	Group F - 5%	Group C - 5%
Assumed annual rate of cost-of-living increases	For those eligible for increases of 100% of CPI change - 3%	For those eligible for increases of 100% of CPI change - 3%
	For those eligible for increases of 50% of CPI change - 1.5%	For those eligible for increases of 50% of CPI change - 1.5%
Census Data for 2013 Valuation Retired members or beneficiaries currently receiving benefits	5,980	8,086
Inactive members	867	2,416
Active members	8,325	9,952
Terminated vested members	732	740

Mortality rates are based as follows for the various retirement systems:
Vermont State Retirement System. Mortality rates for active employees were based on the RP-2000 Mortality Table for Employees, with adjustments for mortality improvements based on Scale AA, to 2016; rates for retirees and beneficiaries were based on the RP-2000 Mortality Tables for Employees and Healthy Annuitants projected with Scale AA, to 2010; and rates for disabled retirees were based on the RP-2000 Combined Mortality Tables for Employees and Healthy Annuitants with a three-year set-forward.

State Teachers' Retirement System. Mortality rates for active employees were based on the RP-2000 Mortality Table for Employees, with adjustments for mortality improvements based on Scale AA, to 2016; rates for retirees, terminated vested members and beneficiaries were based on the 1995 Buck Mortality Tables set back three years for males and one year for females; and rates for disabled retirees were based on the RP-2000 Disabled Life Table projected with Scale AA, to 2016.

Vermont Municipal Employees' Retirement System. Mortality rates for active employees were based on 50% of the probabilities in the 1995 Buck Mortality Tables for Males and Females; rates for non-disabled retirees and terminated vested members were based on the 1995 Buck Mortality Tables with no set back for males and one year set-back for females; rates for beneficiaries are based on the 1995 Buck Mortality Tables for Males and Females; and rates for disabled retirees were based on the RP-2000 Disabled Life Tables.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2005, through June 30, 2010. Actuarial valuations attempt to estimate costs associated with the pension system based on a number of demographic, economic, and retirement experience assumptions. To the extent assumptions are at variance to experience, this can result in actuarial gains and losses ultimately impacting contribution rates and the development of the actuarially required contribution. Experience studies are required by statute to be conducted every five years to review actual experience in comparison to these assumptions and to provide recommended changes to assumptions.

The long-term expected rate of return on pension plan investments was determined using best-estimate ranges of expected future nominal rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variables and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles. To reflect this in the rate-of-return assumption, a Select and Ultimate assumption setting approach, which is cited in Section 3.6.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Equity	31.50%	6.70%
Fixed Income	33.00%	2.94%
Alternatives	15.50%	6.26%
Multi-Strategy	20.00%	5.98%

Nominal long-term expected rates of return for these asset classes are equal to the sum of the above expected long-term real rates and the expected long-term inflation rate of 3.0%.

Discount Rate (Employer Reporting)

The discount rate used to measure the total pension liability was 8.22% for the VSRS and 8.15% for the STRS. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members, through the fiscal year ending June 30, 2109. Therefore, a blended rate incorporating a municipal bond rate is not needed. The assumed discount rate has been determined in accordance with the method prescribed by GASB Statement No. 68.

The annual money-weighted rate of return on pension plan investments calculated as the internal rate of return on pension plan investments, net of pension plan investment expenses for the year ended June 30, 2014 was 14.05% for VSRS, 13.83% for STRS. A money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Employer Reporting)
The following presents the net pension liability of the various retirement systems (at the June 30, 2014 measurement date), calculated using the discount rates determined above, as well as what the systems' net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate (amounts are in thousands):

	VSRS	STRS
One-percent decrease		
Discount rate	7.22%	7.15%
Net pension liability	$ 587,188	$ 1,258,726
Net pension liability, as reported		
Discount rate	8.22%	8.15%
Net pension liability	$ 351,642	$ 958,437
One-percent increase		
Discount rate	9.22%	9.15%
Net pension liability	$ 153,107	$ 706,364

3. Net Pension Liability and Disclosures required by GASB Statement No. 67 (Plan Reporting)

This section includes the information that is required to be presented by GASB Statement No. 67, reporting on the financial statements for the defined benefit plans for the year ended June 30, 2015. Separate valuations were performed by the State's actuary to calculate the total pension liability in accordance with this standard for financial reporting by pension plans and calculates the net pension liability (NPL). The plans elected to base the valuations on plan data as of June 30, 2014 and used update procedures to roll forward the total pension liability to the pension plan's fiscal year end of June 30, 2015. In addition to presenting the NPL, this section also includes information on the actuarial assumptions used in the valuation, the discount rate that was used to calculate the NPL, and disclosures as to the sensitivity of the NPL to changes in the discount rate.

Net Pension Liabilities (Plan Reporting)

The components of the net pension liabilities of the defined benefit retirement plans at June 30, 2015, are shown as follows with amounts in thousands:

	Vermont State Retirement System	Vermont State Teachers' Retirement System	Vermont Municipal Employees Retirement System
Total pension liability	$ 2,169,909	$ 2,839,621	$ 613,000
Plan fiduciary net position	(1,624,861)	(1,653,116)	(535,904)
Net pension liability	$ 545,048	$ 1,186,505	$ 77,096
Plan fiduciary net position as a percentage of total pension liability	74.88%	58.22%	87.42%

Actuarial Assumptions (Plan Reporting)

The June 30, 2015 total pension liability was determined by rolling forward the total pension liability as of June 30, 2014 to June 30, 2015, using the actuarial assumptions and methods used in the June 30, 2014 actuarial valuation of the plans. Except for the expected rate of return on assets, there have been no changes in the assumptions used for the June 30, 2013 actuarial valuations. The expected rate of return on assets was

changed to 7.95% for each plan. There were no changes in benefit terms that affected measurement of the net pension liability since the prior measurement date.

Additional information regarding changes in the net pension liability for the year ended June 30, 2015 can be found in the Required Supplementary Information section immediately following these notes to the financial statements.

The long-term expected rate of return on pension plan investments was determined using best-estimate ranges of expected future nominal rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variables and the asset classes. These best estimate ranges were combined to produce forecasts of the short, intermediate, and longer term horizons by weighting the expected future nominal rates of return by the target asset allocation percentage. The various time horizons in the forecast are intended to capture more recent economic and capital market conditions as well as other plausible environments that could develop in the future over economic cycles. To reflect this in the rate-of-return assumption, a Select and Ultimate assumption setting approach, which is cited in Section 3.6.4 of Actuarial Standard of Practice No. 27 as an alternative to a single assumed rate of return, is employed. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Real Rate of Return
Equity	32.00%	8.61%
Fixed Income	35.00%	1.91%
Alternatives	17.00%	6.93%
Multi-Strategy	16.00%	4.88%

Nominal long-term expected rates of return for these asset classes are equal to the sum of the above expected long-term real rates and the expected long-term inflation rate of 3.0%.

Discount Rate (Plan Reporting)

The discount rate used to measure the total pension liability was 7.95% for the VSRS, STRS, and MERS. Amounts for the prior year were 8.22%, 8.15% and 8.23%, respectively. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members, through the fiscal year ending June 30, 2112. Therefore, a blended rate incorporating a municipal bond rate is not needed. The assumed discount rate has been determined in accordance with the method prescribed by GASB Statement No. 67.

The annual money-weighted rate of return on pension plan investments calculated as the internal rate of return on pension plan investments, net of pension plan investment expenses for the year ended June 30, 2015 was (0.50%) for VSRS, (0.40%) for STRS, and (0.51%) for MERS. Amounts for the prior year were 14.05%, 13.83% and 14.13% respectively. A money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (Plan Reporting)

The following presents the net pension liability of the various retirement systems, calculated using the discount rates determined above, as well as what the systems' net pension liability would be if it were calculated using a

discount rate that is one percentage point lower or one percentage point higher than the current rate (amounts are in thousands):

	VSRS	STRS	MERS
One-percent decrease			
Discount rate	6.95%	6.95%	6.95%
Net pension liability	$ 802,737	$ 1,506,647	$ 153,994
Net pension liability, as reported			
Discount rate	7.95%	7.95%	7.95%
Net pension liability	$ 545,048	$ 1,186,505	$ 77,096
One-percent increase			
Discount rate	8.95%	8.95%	8.95%
Net pension liability	$ 328,082	$ 917,934	$ 12,633

The defined benefit financial statements are as follows.

Statement of Plan Net Position
Defined Benefit Plans
June 30, 2015

	Vermont State Retirement Fund	State Teachers' Retirement Fund	Vermont Municipal Employees' Retirement Fund
Assets			
Cash and short term investments	$ 2,741,376	$ 1,332,663	$ 1,166,716
Receivables			
Contributions - current	5,158,221	4,607,606	3,161,581
Contributions - non-current	-	-	6,843,069
Interest and dividends	3	2	367,550
Due from other funds	103,398	1,279	124,914
Other	-	2,865	35,230
Investments at Fair Value			
Pooled investments	1,617,343,796	1,646,559,381	523,994,872
Prepaid expenses	-	-	21,353
Capital assets, net of depreciation	2,093,139	2,479,008	868,583
Total assets	1,627,439,933	1,654,982,804	536,583,868
Liabilities			
Accounts payable	2,401,742	1,648,869	593,424
Retainage payable	172,115	209,671	82,424
Due to other funds	4,837	7,823	4,278
Total liabilities	2,578,694	1,866,363	680,126
Net position held in trust for employees' pension benefits	$ 1,624,861,239	$ 1,653,116,441	$ 535,903,742

Statement of Changes in Plan Net Position
Defined Benefit Plans
For the Fiscal Year Ended June 30, 2015

	Vermont State Retirement Fund	State Teachers' Retirement Fund	Vermont Municipal Employees' Retirement Fund
Additions			
Contributions			
Employer - pension benefit	$ 55,881,364	$ -	$ 14,136,067
Non-employer - pension benefit	-	72,908,805	-
Plan member	33,296,248	34,863,531	13,587,975
Transfers from other pension trust funds	423,273	830,887	384,009
Total contributions	89,600,885	108,603,223	28,108,051
Investment Income			
Net appreciation in fair value of investments	268	45,560	-
Income from pooled investments	(2,578,896)	(1,489,193)	(942,010)
Dividends	906	-	-
Interest income	9,047	19,918	489,088
Other income	137,842	179,643	32,292
Total investment income	(2,430,833)	(1,244,072)	(420,630)
Less Investment Expenses			
Investment managers and consultants	6,053,861	6,322,625	1,937,888
Total investment expenses	6,053,861	6,322,625	1,937,888
Net investment income	(8,484,694)	(7,566,697)	(2,358,518)
Total additions	81,116,191	101,036,526	25,749,533
Deductions			
Retirement benefits	107,877,482	148,074,836	20,593,892
Refunds of contributions	2,796,892	1,833,058	1,780,091
Death claims	190,020	404,516	162,422
Transfers to other pension trust funds	531,790	420,435	778,769
Depreciation	245,782	292,443	105,469
Administration expenses	1,858,854	2,259,402	950,625
Total deductions	113,500,820	153,284,690	24,371,268
Change in net position	(32,384,629)	(52,248,164)	1,378,265
Net position held in trust for employees' pension benefits			
July 1, 2014	1,657,245,868	1,705,364,605	534,525,477
June 30, 2015	$ 1,624,861,239	$ 1,653,116,441	$ 535,903,742

B. Defined Contribution Retirement Plans

Retirement Plan Descriptions

In accordance with Title 3 of the Vermont Statutes Annotated, Chapter 16A, the State established an optional single employer defined contribution pension plan for exempt State employees effective January 1, 1999. The Vermont State Defined Contribution Plan is reported in the Pension Trust Funds. Exempt employees hired after January 1, 1999, have a one-time opportunity to elect either the defined benefit or defined contribution plan. Employees are required to contribute at the rate of 2.85%. The State is required to contribute to each employee's account at the rate of 7% of the employee's compensation for each payroll period. An employee becomes vested in the plan after completion of 23 months of creditable service as a State employee. During the fiscal year ending June 30, 2015, member contributions totaled $748,019 with State employer contributions at $1,837,253. As of June 30, 2015, the Vermont State Defined Contribution Plan's net position totaled $58,343,500 and there were 602 participants.

The Vermont Municipal Employees' Defined Contribution Plan (24 V.S.A. 5070), a multiple employer defined contribution pension plan, was implemented by the Vermont Municipal Employees' Retirement System's Board of Trustees on July 1, 2000, and is reported as a pension trust fund. The defined contribution plan was offered by municipal employers to one or more groups of their eligible employees. Once offered by the employer, each eligible employee was required to make an election to participate. Employees participating in one of the municipal defined benefit plans who elected to participate in the defined contribution plan had the July 1, 2001, actuarial value of their accrued defined benefit plan transferred to the defined contribution plan. Employers that did not offer the defined contribution plan to their employees as of December 31, 1999, have an opportunity to do so no later than December 31 of any subsequent year with the transfer effective July 1 of the following year.

Participating municipal employees are required to contribute at the rate of 5% of earnable compensation. Employers are required to contribute at the rate of 5.125%. Employees become vested in the plan after 12 months of service. During the fiscal year ending June 30, 2015, member contributions totaled $541,185 and employer contributions at $603,384. As of June 30, 2015, the Municipal Employees' Defined Contribution Plan's net position totaled $21,029,179, and there were 519 participants.

The Single Deposit Investment Account (SDIA), a non-contributory multiple employer defined contribution pension plan reported as a Pension Trust Fund, was established according to the provisions of Public Act 41 of the 1981 Session. The Act authorized a new Group B non-contributory plan within the State Teachers Retirement System (STRS) and a new Group E non-contributory plan within the Vermont State Retirement System (VSRS).

The STRS's members in the Group A contributory plan could have elected to either remain in the Group A plan or transfer to the new Group B non-contributory plan. Group A members electing to transfer to the Group B plan had their choice between the following three options:

- have both their accumulated employee contributions and accumulated interest returned to them; or
- have their accumulated contributions returned to them and only their accumulated interest invested by the retirement board in the SDIA; or
- have both their accumulated employee contributions and accumulated interest invested by the retirement board in the SDIA.

The VSRS's members in the Group A contributory plan could have elected to either remain in the Group A plan or transfer to the new Group E non-contributory plan. Group A members electing to transfer to the Group E plan had their choice between the following three options:

- have both their accumulated employee contributions and accumulated interest returned to them; or
- have their accumulated contributions returned to them and only their accumulated interest invested by the retirement board in the SDIA; or
- have both their accumulated employee contributions and accumulated interest invested by the retirement board in the SDIA.

No additional contributions could be made to the SDIA beyond those described above. The SDIA funds are not available to the members until they retire or terminate employment. At June 30, 2015 there were 1,555 members, with net position of $57,343,237 in the Single Deposit Investment Account.

The defined contribution plans' financial statements are as follows:

Statement of Plan Net Position
Defined Contribution Plans
June 30, 2015

	Vermont State Defined Contribution Fund	Single Deposit Investment Account	Vermont Municipal Employees' Defined Contribution Fund
Assets			
Cash and short term investments	$ 74,383	$ 1,438,970	$ 163,057
Receivables			
Contributions - current	116,874	-	46,519
Interest and dividends	-	12	-
Investments at fair value			
Mutual and commingled funds	58,254,928	55,904,255	20,944,090
Prepaid expenses	6,323	-	90
Other	-	-	538
Total assets	58,452,508	57,343,237	21,154,294
Liabilities			
Accounts payable	8,161	-	201
Due to other funds	100,847	-	124,914
Total liabilities	109,008	-	125,115
Net position held in trust for employees' pension benefits	$ 58,343,500	$ 57,343,237	$ 21,029,179

Statement of Changes in Plan Net Position
Defined Contribution Plans
For the Fiscal Year Ended June 30, 2015

	Vermont State Defined Contribution Fund	Single Deposit Investment Account	Vermont Municipal Employees' Defined Contribution Fund
Additions			
Contributions			
Employer - pension benefit	$ 1,837,253	$ -	$ 603,384
Plan member	748,019	-	541,185
Transfers from other pension trust funds	70,634	-	22,191
Transfers from non-state systems	182,967	-	-
Total contributions	2,838,873	-	1,166,760
Investment Income			
Net appreciation (depreciation) in fair value of investments	(1,346,498)	736	(197,015)
Dividends	3,657,611	1,367,582	1,179,023
Interest income	126	119	365
Other income	49,123	-	16,830
Total investment income	2,360,362	1,368,437	999,203
Less Investment Expenses			
Investment managers and consultants	-	179,176	-
Total investment expenses	-	179,176	-
Net investment income	2,360,362	1,189,261	999,203
Total additions	5,199,235	1,189,261	2,165,963
Deductions			
Retirement benefits	4,714,448	6,131,614	1,102,414
Operating expenses	44,918	-	91,248
Total deductions	4,759,366	6,131,614	1,193,662
Change in net position	439,869	(4,942,353)	972,301
Net position held in trust for employees' pension benefits			
July 1, 2014	57,903,631	62,285,590	20,056,878
June 30, 2015	$ 58,343,500	$ 57,343,237	$ 21,029,179

C. Other Postemployment Benefits

In addition to providing pension benefits, the State offers postemployment medical insurance, dental insurance, and life insurance benefits to retirees of the VSRS and STRS.

Medical Insurance Plan Descriptions

Vermont State Postemployment Benefits Trust Fund
The Vermont State Postemployment Benefits Trust Fund (VSPB) (3 V.S.A. 479a) was established in fiscal year 2007 as an irrevocable trust fund for the purpose of accumulating and providing reserves to support retiree postemployment benefits other than pension benefits for members of the Vermont State Retirement System.

Employees Hired Prior To July 1, 2008
State employees hired prior to July 1, 2008, and retiring directly from active State service for any reason (disability, early, or normal) may elect to carry whatever medical coverage is in effect at that time into retirement for themselves and their dependents. During their lifetime the retiree will pay 20% of the cost of the premium, except in the case where retirees select joint or survivorship options. If the retiree chooses the joint or survivor pension options and predeceases his or her spouse, the medical benefits along with the pension benefit will continue for the spouse. However, generally, the surviving spouse must pay 100% of the cost of the premium.

In addition, once a retiree or surviving spouse becomes eligible for Medicare coverage (at age 65); it is mandatory that they enroll in both Medicare Part A and Part B as soon as possible. Medicare thus becomes the primary insurer with the State plan becoming the secondary insurer. The insured's State insurance premium costs will then decrease in recognition of this change.

Vermont State Retirement System's defined benefit plan Group C members who terminate with 20 or more years of service, but are not yet 50 years old, may elect to receive medical coverage at the time they begin receiving their retirement benefits. For all other Vermont State Retirement System's active employees, if the employee does not retire directly from State service (inactive members), they are not eligible to participate in the State's medical insurance plan. If the insurance is terminated at any time after retirement benefits have been received, coverage will not be able to be obtained again at a later date.

Employees Hired After June 30, 2008
Based on legislation enacted during fiscal year 2008, Vermont State Retirement System's defined benefit plan Group F employees hired after June 30, 2008 will pay, upon retirement, a tiered retiree health care premium amount based on completed years of service. The tiered rate paid will range from 100% of the premium cost for retirees with less than 10 years of service to 20% of the premium cost for retirees with 20 or more years of service. Additionally, as part of the enacted legislation, Group F employees hired after June 30, 2008 will also have the ability to elect health care insurance at the 20% premium cost level when they begin to receive retirement benefits in a manner comparable to regular retirements even if the employee terminated prior to their early retirement date, provided the member had 20 years of service upon termination of employment.

As of June 30, 2015, retirees accounted for 4,530 of the 13,409 participants enrolled in the single, spousal, or family plan options. Of the $164.3 million in premiums received by the Medical Insurance Fund (internal service fund) during 2015, retirees contributed $7.2 million. Of the $148.1 million in claims expense incurred by the Medical Insurance Fund during 2015, $38.4 million was attributable to retiree claims.

The State's fiscal year 2015 contributions to VSPB totaled $29.0 million. The VSPB then paid premium payments of $28.4 million (calculated on a pay-as-you-go basis) to the State's Medical Insurance Fund. At June 30, 2015, the trust fund has total net position of $19.9 million being held in trust for postemployment benefits other than pension benefits.

Retired Teachers' Health and Medical Benefit Fund

The Retired Teachers' Health and Medical Benefit Fund (RTHMB) (16 V.S.A. 1944b) was created by the legislature on July 1, 2014, to explicitly appropriate State contributions to the fund for current year (pay-as-you-go) health care expenses separate from the State's contribution to the State Teachers' Retirement System (STRS) pension trust fund. Prior to fiscal year 2015, the health care expenses for the STRS's retirees were paid through a sub-fund of the defined benefit pension trust fund and no State contribution was explicitly budgeted or funded.

Retirees of the STRS participate in multi-employer health coverage plans operated by the Vermont Education Health Initiative (VEHI) which is managed jointly by the Vermont School Boards Insurance Trust and the Vermont- National Education Association. VEHI partners with Blue Cross Blue Shield to provide health insurance to retired and active teachers. VEHI issues its own audited financial statements. These and plan information are available the VEHI Offices, 2 Prospect Street, Suite 5, Montpelier, VT 05602.

STRS's members have access to three medical benefit plans in retirement. The plans are identical to those offered to active teachers in public school systems in Vermont. Members may pick up medical coverage under one of the plans offered for themselves and all eligible dependents at the time of retirement, or anytime thereafter during one of the semi-annual open enrollment periods. If the member has a minimum of 10 years of creditable service at the time of retirement, the system picks up 80% of the retiree's premium only, based on the cost of the "standard plan" as defined by statute. The retiree must pick up the full cost of the premium for all covered dependents.

Once a retiree becomes eligible for Medicare coverage (at age 65), it is mandatory that they enroll in both Medicare Part A and Part B. Medicare becomes the primary insurer and the Teacher's medical plans become the secondary insurer. Two of the plans offered become "carve-out" plans to coordinate with Medicare, and one of the plans is replaced with a true Medicare supplemental plan. The premiums for all plans are reduced in accordance with the decrease in liability once Medicare becomes the primary insurer.

For fiscal year 2015, the RTHMB received nonemployer contributions of $8.6 million from the General Fund, and $2.5 million from the Property Tax Relief program in the Special Fund. The RTHMB also receives Employer Group Waiver Plans (EGWP) subsidies, and starting in fiscal year 2016, an annual assessment on newly hired teachers, as well as charges to federal grants for pension and health care costs. The State Treasurer is authorized to use interfund borrowings of up to $30 million to finance any funding shortfalls, and it is the Legislature's intent to repay any such borrowings by the end of fiscal year 2023. RTHMB interfund loan balance from the General Fund at June 30, 2015 was $13.95 million. The RTHMB paid $24.7 million in premiums to VEHI on a pay-as-you-go basis, during fiscal year 2015.

As of June 30, 2015, 5,801 retirees are enrolled in the single, spouse, and family medical plan options. The retirees contributed $16.7 million in premiums.

Medicare Part D - Prescription Drug Subsidy

Under the Medicare, Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), employer sponsors of retiree prescription drug plans can apply for a 28% subsidy for the qualified prescription drug costs of their retirees. To be eligible for the subsidy, the employer coverage must be actuarially equivalent to the new Medicare Part D coverage and the employer must provide notices of creditable prescription drug coverage to individuals entitled to Medicare Part D.

The State Teachers' Retirement System Board of Trustees agreed that they would continue to offer the same prescription drug coverage program that has been available to active and retired teachers for the past several years. The Retirement Division has received an attestation from its actuaries that the prescription drug program offered to retired teachers is equivalent, and in fact, better than the drug program offered through Medicare Part D. The State system has also agreed to offer the same prescription drug coverage program that has been available to active and retired State employees for the past several years. The Department of Human Resources has received an attestation from its actuaries that the prescription drug program offered to retired members is equivalent, and in fact, better than the drug program offered through Medicare Part D.

The systems will continue to evaluate the results of the Medicare Part D Program and its impact on the post-age 65 health care benefits marketplace and prescription drug pricing. The Vermont Teachers' Retirement Board of Trustees and the State will need to determine in future years whether it is in their best interest to continue to offer the same prescription drug program, or whether it should be modified or discontinued. If the determination is to continue to offer the same coverage, the estimated annual subsidy will fluctuate depending on the number of retirees and covered dependents that actually sign up for the Medicare Part D Program. If it is determined that the prescription coverage should either be modified or discontinued, then the savings will be realized by a decrease in medical premiums.

For the fiscal year ending June 30, 2015, the subsidy contributed by the State to the VSPB was $2,127,281. In the case of RTHMB, the subsidy for fiscal year 2015 was $17,860. On December 31, 2013, STRS discontinued participation in the RDS program, and enrolled retirees in the EGWP, plus a supplement, starting January 1, 2014. The transfer from RDS to EGWP is expected to result in cost savings to the State while achieving a similar level of service for covered retirees.

Plan Membership

At June 30, 2015, the number of participants included in the OPEB valuations are as follows:

	VSPB	RTHMB
Active employees [1]	8,879	9,582
Terminated vested	-	1,943
Retired employees [2]	4,530	6,040
Total participants	13,409	17,565

[1] Number of active employees includes participants in the defined contribution plan.
[2] Includes 24 VSPB and 223 RTHMB July 1, 2015 retirements.

OPEB Actuarial Valuation - Methods and Assumptions

The State's independent actuary has prepared annual valuations of the OPEB liabilities for VSPB and RTHMB as of June 30, 2015. Both the VSPB and RTHMB reports present two separate calculations of the State's OPEB liability, depending on whether the liability would be prefunded or remain on a pay-as-you-go basis. Since the State OPEB trust fund has accumulated some assets , a third blended calculation is also included in the valuation. The MERS, a cost-sharing, multiple-employer public employees' retirement system, is administered by the State but has no associated State health care benefit or liability.

While the Vermont Municipal Employees Health Benefit Fund is classified as a postemployment benefit fund, there is no accrued liability in excess of the assets of the fund. There is no annual required contribution and unfunded actuarial accrued liability. Component units and authorities of the State will perform their own valuation as the State does not assume the risk or financial burden for their health care costs.

The VSPB, assuming no prefunding, actuarial accrued liability increased over the past year due to the following factors:

- Expected increases due to the passage of time;
- Demographic experience different than expected;

- Updated mortality assumption; and
- Updated age morbidity assumption.

These increases were partially offset by the following assumption changes:

- Lower than expected increase in premiums;
- Updated future retirees' spouse coverage election assumption;
- Updated retirement, termination, and disability assumptions; and
- Updated retiree Premium Reduction Option election assumption.

Implementation of the EGWP arrangement impacts the calculation of accrued liabilities, as it is treated differently for accounting purposes than the previous Retiree Drug Subsidy (RDS) program. GASB Statement No. 45 disallows reflecting future RDS payments as an offset to liabilities, while the EGWP arrangement flows into reduced premium expense as opposed to an intergovernmental transfer, allowing those subsidies to be reflected in the calculation of the liabilities. The State's change in the Medicare Part D program from RDS to EGWP at the start of calendar year 2015 has resulted in a change in the discount rate for VSPB plan changed from the 4.25% "blended rate" to 4.0% on the pay-as-you-go basis.

The RTHMB, assuming no prefunding, actuarial accrued liability increased over the past year due to the following factors:

- Expected increases due to the passage of time;
- Impact of recent year's demographic experience;
- Updates to the methodology used in setting cost assumptions based on revisions to Actuarial Standard of Practice No. 6; and
- Updated retirement assumption.

These factors were partially offset by the following:

- Decrease in participation assumption for future retirees and terminated vested participants;
- Decrease in future spouse participation;
- Updated Premium Reduction Option assumption; and
- Updated termination, mortality, and disability assumptions.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The following list contains the various actuarial methods and significant assumptions used to determine the annual required contributions at the State level for VSPB and RTHMB OPEB plans.

	VSPB			RTHMB
Valuation date	6/30/2015			6/30/2015
Actuarial cost method	Projected Unit Credit			Projected Unit Credit
Amortization method	Open basis			Open basis
Amortization period	30 years starting in FY 2016			30 years starting in FY 2016
Actuarial Assumptions				
Investment rate of return	4.00% [1]			4.00%
Medical Care and State Share Inflation	FY Ending	Pre-medicare Inflation rate	Post-medicare Inflation rate	5.00%
	2016	8.50%	6.25%	
	2017	8.00%	6.00%	
	2018	7.50%	5.75%	
	2019	7.00%	5.50%	
	2020	6.75%	5.25%	
	2021	6.50%	5.00%	
	2022	6.25%	4.75%	
	2023	6.00%	4.50%	
	2024	5.75%	4.50%	
	2025	5.50%	4.50%	
	2026	5.25%	4.50%	
	2027	5.00%	4.50%	
	2028	4.75%	4.50%	
	2029+	4.50%	4.50%	
Coverage	80% of current active employees will elect retiree medical coverage 70% of terminated vested participants will elect retiree medical coverage			50% of those eligible at retirement will elect retiree medical coverage 15% of terminated vested participants will elect retiree medical coverage

[1] This rate assumes that no additional funding will occur as the EGWP arrangement was implemented in 2015.

The actuary has estimated the change in the unfunded actuarial accrued liability between June 30, 2014 and June 30, 2015, as follows:

	VSPB	RTHMB
Unfunded actuarial accrued liability, June 30, 2014.....	$ 1,073,824,089	$ 766,775,478
End of year service cost.....	42,834,313	20,156,337
Interest cost.....	42,968,141	30,106,704
Estimated benefit payments.....	(37,416,308)	(28,495,158)
Estimated increase in assets.....	(1,531,236)	-
Impact of recent year demographic experience.....	5,033,043	12,097,274
Updated per capita costs.....	(49,895,044)	(27,701,821)
New per capita cost methodology.....	-	428,292,200
Change in assumptions.....	16,770,669	(208,194,176)
Asset loss.....	530,926	10,056,456
Unfunded actuarial accrued liability, June 30, 2015.....	$ 1,093,118,593	$ 1,003,093,294

Annual OPEB Cost and Net OPEB Obligation

The State's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The following table shows the component of the State's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed, and the changes in the State's net OPEB obligation.

	VSPB	RTHMB
Annual Required Contribution (ARC)	$ 71,495,862	$ 40,988,368
Interest on NOO	11,100,876	14,436,884
Amortization of NOO	(8,024,646)	(10,436,193)
Annual OPEB Cost (AOC)	74,572,092	44,989,059
Employer Contribution Made	(29,028,016)	(14,665,267)
Increase in NOO	45,544,076	30,323,792
NOO - July 1, 2014	277,521,895	360,922,111
NOO - June 30, 2015	$ 323,065,971	$ 391,245,903
Percentage of AOC contributed	38.93%	32.60%

Three-Year Trend Information

OPEB Fund/Plan	Year Ended 6/30	Annual OPEB Cost [1]	Percentage Contributed	NOO Balance
Vermont State Postemployment Benefit Trust Fund				
	2013	$ 70,354,321	36.33%	$ 234,737,113
	2014	67,056,926	36.20%	277,521,895
	2015	74,572,092	38.93%	323,065,971
Retired Teachers' Health and Medical Benefits Fund [2]				
	2013	48,447,984	NA	318,156,946
	2014	42,765,165	NA	360,922,111
	2015	44,989,059	32.60%	391,245,903

[1] Determined on a pay-as-you-go basis

[2] For years prior to 2015 there was no explicit funding for these benefits. Effective 7/1/2014, Act 179 of 2014 section E.514.1 created this fund and provided for explicit contributions for funding these benefits on a pay-as-you-go-basis.

Funded Status and Funding Progress

The funding status of the plans as of June 30, 2015, was as follows *(expressed in thousands):*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
VSPB						
6/30/15	$ 19,904	$ 1,113,023	$ 1,093,119	1.8%	$ 488,949	223.6%
RTHMB						
6/30/15	(10,056)	993,037	$ 1,003,093	-1.0%	576,255	174.1%

The schedule of funding progress, presented as required supplementary information immediately following these notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Dental Insurance

Dental plans are available to retired State employees, retired teachers, retired municipal employees and their eligible dependents. The dental plan must be elected at the time of retirement. The retiree pays the full premium for all covered lives. There is no cost to the State.

Life Insurance

In the case of life insurance, if a State employee retires with 20 or more years of service and was participating in the life insurance program, a $10,000 benefit will continue into retirement. If a State employee retires due to disability prior to age 60, and if proper documentation is approved by the life insurance company, full life insurance coverage will continue at the State's expense up to age 65. When the retiree reaches the age of 65 and if they have a total of 20 years or more of active and retired (while receiving disability) service, life insurance coverage will automatically change to the $10,000 level with 100% of the premium being paid by the State. In addition, a retiree may convert their insurance coverage in effect at their time of retirement to an individual policy within 30 days of their retirement date without a physical exam.

Vermont Municipal Employees Health Benefit Fund

The MERS RHS Plan established on July 1, 2007, is a tax-advantaged savings plan that assists retirees in paying for healthcare costs after retirement. Contributions to this fund are deposited into the RHS Plan member accounts on a tax-free basis, accumulate interest on a tax-free basis, and are drawn out during retirement on a tax-free basis to reimburse health care expenses, including out-of-pocket expenses, deductibles and premiums.

The MERS Board deposited an initial amount of $5.1 million into the RHS accounts on July 2, 2007. Additional employer contributions totaling approximately $6 million were collected during the course of the fiscal years 2008 and 2009 that were deposited in member accounts during fiscal year 2009. No such contributions have been made since fiscal year 2009. Future contributions and subsequent transfers to member accounts will be made as directed by the MERS Board of Trustees. There is no guarantee that the RHS member accounts will receive any additional funding. While classified as a postemployment benefit fund, there is no accrued liability in excess of the asset of the fund. There is no annual required contribution and unfunded actuarial accrued liability.

All MERS defined benefit pension plan members and retirees who have a minimum of 5 years of contributory service are eligible to participate in the RHS plan. The amount each member will receive is determined by the total number of contributory years of service in the system. Each year of service is equal to one share. The share value is determined based on the total eligible population, the total number of years of contributory service represented, and the amount of the distribution. The share value will change when future deposits are made. All eligible members receive the first five shares in their medical reimbursement account, which may be used for any medical expense, including premium reimbursement. The additional shares, representing service credit above five years, are deposited into the premium reimbursement account, which may only be used for medical, dental, vision or long-term health care premium reimbursements.

The money may be accessed by members only after separation from service and the achievement of retiree status from the MERS plan. For members who were already receiving retirement benefits from the MERS, the funds in their RHS account could be accessed after July 2, 2007 to reimbursement expenses incurred after July 1, 2007. Members who are still actively employed, and members in a vested-terminated status, may access the funds once they retire and begin receiving monthly pension payments. Funds in the RHS accounts are invested in the appropriate age-related Milestone Fund through a third party record keeper.

At June 30, 2015, there were 5,287 active and retired members participating in the MERS RHS plan. Investments in member accounts as of June 30, 2015 totaled $12,909,626.

The financial statements for the OPEB Funds are as follows:

Statement of Plan Net Position
Other Postemployment Benefit Funds
June 30, 2015

	Vermont State Postemployment Benefits Trust Fund	Vermont Retired Teachers' Health and Medical Benefits Fund	Vermont Municipal Employees' Health Benefit Fund
Assets			
Cash and short term investments	$ 454,487	$ 152,511	$ 501,172
Receivables			
Contributions - current	699,758	-	-
Due from other funds	-	-	-
Other receivables	1,217	1,359,001	-
Investments at Fair Value			
Mutual funds	18,825,593	-	12,408,454
Prepaid expenses	-	2,424,902	-
Total assets	19,981,055	3,936,414	12,909,626
Liabilities			
Accounts payable	76,597	29,969	-
Accrued liabilities	-	-	-
Accrued interest payable	-	8,303	-
Due to other funds	-	-	-
Interfund loans	-	13,954,600	-
Total liabilities	76,597	13,992,872	-
Net position held in trust for employee's other postemployment benefits	$ 19,904,458	$ (10,056,458)	$ 12,909,626

Statement of Changes in Plan Net Position
Other Postemployment Benefit Funds
For the Fiscal Year Ended June 30, 2015

	Vermont State Postemployment Benefits Trust Fund	Vermont Retired Teachers' Health and Medical Benefits Fund	Vermont Municipal Employees' Health Benefit Fund
Additions			
Contributions			
Employer - healthcare benefit	$ 29,028,016	$ -	$ -
Non-employer - healthcare benefit	-	11,052,007	-
Medicare part D drug subsidy	-	17,860	-
Other revenues	-	3,595,400	-
Total contributions	29,028,016	14,665,267	-
Investment Income			
Net appreciation (depreciation) in fair value of investments	(127,627)	-	195,932
Dividends	455,366	-	-
Interest income	6,428	1,527	804
Total investment income	334,167	1,527	196,736
Less Investment Expenses			
Investment managers and consultants	2,222	-	67,601
Total investment expenses	2,222	-	67,601
Net investment income	331,945	1,527	129,135
Total additions	29,359,961	14,666,794	129,135
Deductions			
Other postemployment benefits	28,359,565	24,714,806	265,253
Operating expenses	86	8,446	-
Total deductions	28,359,651	24,723,252	265,253
Change in net position	1,000,310	(10,056,458)	(136,118)
Net position held in trust for employees postemployment benefits			
July 1, 2014	18,904,148	-	13,045,744
June 30, 2015	$ 19,904,458	$ (10,056,458)	$ 12,909,626

5. Other Long-term Liabilities

Governmental activities long-term liabilities are generally liquidated by payments from the governmental and internal service funds' programs, including all major governmental fund types except for the Education Fund. Bonds payable are liquidated by transfers of resources from the General, Transportation, Special and Federal Funds. During the year ended June 30, 2015, the following changes occurred in the long-term liabilities:

	Total Liability July 1, 2014	Additions	Reductions	Total Liability June 30, 2015	Amounts due within one year
Governmental activities					
Bonds payable					
Bonds[1]	$ 593,715,000	$ 109,760,000	$ 86,880,000	$ 616,595,000	$ 50,005,000
Bond premium	26,741,407	15,536,597	5,836,166	36,441,838	7,026,074
Bond discount	(176,686)	-	(12,549)	(164,137)	(12,945)
Total bonds payable	620,279,721	125,296,597	92,703,617	652,872,701	57,018,129
Capital leases payable	1,630,229	10,646,000	401,129	11,875,100	481,724
Compensated absences	33,398,155	40,417,493	40,325,749	33,489,899	26,668,222
Claims and judgments	50,853,215	165,597,718	161,095,829	55,355,104	18,348,632
Contingent liabilities	7,000,000	-	-	7,000,000	-
Net pension liability	1,445,629,411	436,327,370	581,084,641	1,300,872,140	-
Net other postemployment obligations	638,444,006	119,561,151	43,693,283	714,311,874	-
Pollution remediation obligations[2]	5,763,608	3,455,078	4,285,515	4,933,171	865,330
Total governmental activities long-term liabilities	$ 2,802,998,345	$ 901,301,407	$ 923,589,763	$ 2,780,709,989	$ 103,382,037

(1) Governmental activities bonds payable include additions of $109,760,000 in general obligation bonds.

(2) The Pollution Remediation Obligation (PRO) liabilities were measured using the actual contract cost, where no changes in cost are expected, or a method that is materially close to the expected cash flow technique. Liability estimates are subject to change due to cost increases or reductions, or changes in technology or applicable laws or regulations governing the remediation efforts.

Under the federal Superfund law, the State is responsible for sharing remediation costs at sites where the United States Environmental Protection Agency (USEPA) expends resources from the superfund trust for cleanup. Currently, there are five superfund sites in Vermont in various stages of cleanup, from initial assessment to cleanup activities. The Pollution Remediation Obligation (PRO) for these Superfund sites at June 30, 2015 is $2,445,357 which is a net reduction from last year of $24,643. The State does not anticipate recovering reimbursements from the parties who caused the pollution. The amount due within one year is $468,289. These Superfund sites are as follows:

- Vermont has three former copper mines that are listed as federal Superfund sites. Two of these sites are in the early stages of investigation and a remedial plan has not been determined for estimating the potential liability. Cleanup of acidic discharges from one of the mines has progressed and cost estimates are available but there is still uncertainty about the long-term liability since the treatment system for the site has not been determined. Under the current phase of remedial work and cleanup, the State's obligation over the next five years is estimated at $2,185,538, of which $426,000 is estimated to be spent in 2016.

- There are two superfund sites under the oversight of the USEPA which have been remediated, and under the superfund site agreement the State is responsible for long-term operation and maintenance costs of the facilities constructed by the EPA. The PRO as of June 30, 2015 is $259,819.

A former mining facility with significant ground contamination is the State's largest potential obligation for cleanup not currently listed as a Superfund site. The State has been working with potential responsible parties and the USEPA to address the environmental contamination but so far a remedy for the site's cleanup, including an estimate of the cost of cleanup, has not been determined due to the potential magnitude and the various options that are being investigated. The State performs the annual operation and maintenance of the erosion control systems installed. In 2016, the State plans to investigate and potentially remediate releases from PCB-containing transformers located on site. The PRO for oversight of the site at June 30, 2016 is $1,212,739.

The State continues its work on cleanup of ground water contamination resulting from a chemical spill at a former dry cleaner facility. By order of the Vermont Superior Court, the Agency of Natural Resources will conduct the cleanup work required and the former owners shall be responsible for reimbursing the State for cost related to implementing the cleanup plan. In 2015, the State spent approximately $420,000 for the construction of a permeable reactive barrier to intercept and remediate contaminated groundwater migrating towards a residential neighborhood and posing an immediate human health threat. The total PRO reported at June 30, 2015 is $235,854.

The Agency of Transportation discovered pollution requiring remedial action at three construction sites. Oil pollution was discovered during the water line installation at an industrial park location, lead contaminated soil was discovered prior to construction of bridge work, and underground contamination was discovered during the removal of an underground storage tank at one State Office Complex. The PRO is $189,221 at June 30, 2015. The estimated expenditures for cleanup in 2016 are $147,000.

Asbestos removal projects in three State Buildings were completed in 2015; the total pollution remedial obligation was reduced by $415,000 due to the completion of these projects. The State is currently working to cleanup potential health threats from mold in one building and PCB's (polychlorinated biphenyl) in wall paint in another building. The PRO is $850,000 at June 30, 2015; the amount due in the current year is estimated to be $235,000.

	Total Liability July 1, 2014	Additions	Reductions	Total Liability June 30, 2015	Amounts due within one year
Business-type activities					
Compensated absences	$ 319,904	$ 306,305	$ 316,196	$ 310,013	$ 286,438
Lottery prize awards payable	6,277,562	72,710,332	72,515,923	6,471,971	5,524,451
Net pension liabilities	3,946,034	1,697,794	2,641,473	3,002,355	-
Total business-type activities long term liabilities	$ 10,543,500	$ 74,714,431	$ 75,473,592	$ 9,784,339	$ 5,810,889
Fiduciary					
Compensated absences	$ 16,646	$ 3,680	$ 16,232	$ 4,094	$ 3,070
Total fiduciary long-term liabilities	$ 16,646	$ 3,680	$ 16,232	$ 4,094	$ 3,070

The compensated absences for the business-type activities are included as part of accrued salaries and benefits on the propriety funds' Statement of Net Position.

The compensated absences for the fiduciary funds are included as part of accrued liabilities on the fiduciary funds Statement of Net Position.

H. Fund Balance/Net Position

Governmental Funds

The composition of the summarized fund balances reported on the governmental funds' Balance Sheet for the fiscal year ended June 30, 2015, are shown on the following page.

	Restricted Purposes	Committed Purposes	Assigned Purposes
General Fund			
Government Operations			
Governor and other Elected Officials	$ -	$ -	$ 13,355
Public Safety and Regulatory Services	-	-	1,810,652
Courts			128,499
Health and Human Services	-	-	1,104,256
Correctional Services	-	-	168,176
Educational Services	-	-	254,282
Natural Resources Protection and Preservation	-	-	1,042,720
Economic and Community Development	-	-	1,082,858
Tourism and Marketing	-	-	192,177
Total General Fund	$ -	$ -	$ 5,796,975
Transportation Fund			
Transportation	$ 4,506,602	$ 22,696,931	$ -
Total Transportation Fund	$ 4,506,602	$ 22,696,931	$ -
Education Fund			
Educational Services	$ -	$ 73,758,286	$ -
Total Education Fund	$ -	$ 73,758,286	$ -
Special Fund			
Government Operations			
Governor and Other Elected Officials	$ -	$ 808,072	$ -
Administrative Services	12,129,161	4,713,470	-
Public Safety and Regulatory Services	841,831	35,829,450	-
Courts	-	1,688,494	-
Correctional Services	5	658,042	-
Employment and Training	-	7,635,962	-
Educational Services	-	58,451	-
Natural Resources Protection and Preservation	5,086,566	20,901,583	-
Economic and Community Development	3,629,750	7,350,951	-
Tourism and Marketing	-	437,172	-
Total Special Fund	$ 21,687,313	$ 80,081,647	$ -
Federal Revenue Fund			
Government Operations			
Governor and Other Elected Officials	$ 56,781	$ -	$ -
Administrative Services	30,351	-	-
Public Safety and Regulatory Services	15,862,506	-	-
Health and Human Services	70,575,604	-	-
Employment and Training	5,791,891	-	-
Educational Services	2,399,741	-	-
Natural Resources Protection and Preservation	340,731,877	-	-
Economic and Community Development	734,150	-	-
Total Federal Revenue Funds	$ 436,182,901	$ -	$ -
Global Commitment Fund			
Health and Human Services	$ 114,129,684	$ -	$ -
Total Global Commitment Fund	$ 114,129,684	$ -	$ -
Non-major Governmental Funds			
Government Operations			
Administrative Services	$ 14,580	$ -	$ -
Health and Human Services	81,467	-	-
Educational Services	-	23,942,842	-
Natural Resources Protection and Preservation	243,822	9,613,767	-
Economic and Community Development	3,532	-	-
Capital Outlays	24,981,645	-	-
Debt Service	3,213,302	632	-
Total Non-major Governmental Funds	$ 28,538,348	$ 33,557,241	$ -

Note V. OTHER INFORMATION

A. Risk Management

1. Workers' Compensation and Risk Management

The Agency of Administration's Financial Services Division oversees the Workers' Compensation and Risk Management programs, which administers all insurance programs for State government with the exception of the health and life insurance plans listed below. State policy is to minimize the purchase of commercial insurance by either self-funding or otherwise retaining the risk when it makes sense to do so. The programs set aside assets and pay claims utilizing the following three Internal Service Funds:

State Employees' Workers' Compensation Fund
State Liability Self Insurance Fund
Risk Management – All Other Fund (used for the purchase of commercial insurance)

The Workers' Compensation Fund covers all State employees who are injured on the job, pursuant to State statute. Certain quasi-governmental entities may also request coverage through this program. The State has unlimited exposure to liability and has not purchased any stop-loss insurance to limit this exposure. All claims are processed by Workers' Compensation personnel and are audited annually by an outside claims adjuster to ensure that the claims-based statistical information used to calculate the State's workers' compensation exposure is reliable. Workers' Compensation is reviewed annually by an outside accountant and an outside actuary, including a review of incurred but not reported claims (IBNR). The contribution required to fully fund losses is calculated annually by an outside actuary. Allocation to each participating entity is done by Risk Management personnel utilizing departmental exposure and experience factors.

The Liability Insurance Fund covers general and employment practices liability, discrimination, and auto liability risk. The coverage is comparable to standard private commercial policies. It offers coverage to the same group of participants as those covered by the workers' compensation program described above. The State's exposure to tort risk in Vermont is subject to the doctrine of sovereign immunity and is governed by the Vermont Tort Claims Act, 12 V.S.A. §5601. Exposure outside of Vermont and to federal suit and other non-tort suit is potentially unlimited. The State is self-insured retention (SIR) for the first $500,000 of exposure and has purchased excess commercial insurance to cover the additional per-occurrence exposure in amounts of up to $1,500,000 ($2,000,000 total) in Vermont and $10,000,000 in excess of the $500,000 SIR for claims that are not subject to the Vermont Tort Claims Act. Claims are processed by Risk Management personnel (prior to 2006, claims were processed by a third-party administrator), and are audited annually by an outside claims adjuster to ensure that the claims-based statistical information used to calculate the State's liability exposure is reliable. This liability is reviewed annually by an outside actuary, including a review of incurred but not reported claims (IBNR). The contribution required to fully fund losses is calculated annually by an outside actuary. Allocation to each participating entity is done by Risk Management personnel utilizing departmental exposure and experience factors.

The Risk-Management – All Other Fund provides insurance coverage through purchased commercial policies for risks not covered in the above funds or which are self-assumed. This coverage provides insurance for State-owned real property, bonds for various categories of employees, errors and omissions coverage for judges, and various other miscellaneous coverages. The State's liability exposure is limited to the amount of the various deductibles associated with the respective policies and potentially for any claims in excess of the purchased limits.. Premium charges from the various insurers are either assessed directly against the entity requiring the coverage or apportioned among those entities receiving the benefits of the coverage. Risk Management also assesses a surcharge of up to 5% of the premium to cover administrative costs. Entities eligible for coverage are the same as those listed above for the other funds.

Insurance settlements have never exceeded the coverage disclosed above.

In addition to the three internal service funds above, effective July 1, 2007, the General Assembly established

the Sarcoidosis Benefit Trust Fund (a program in the Special Fund) to cover specific claims arising from an outbreak of Sarcoidosis at the impaired State office building in Bennington, Vermont (Act 53 of 2007). Claims are reviewed and processed under rules established that mirror the rules for the Workers' Compensation Fund claims. Funding was established as a special fund and not a proprietary fund as funding will only be available by the General Assembly as claims arise and funding needs are determined. The Fund is managed by Workers' Compensation personnel. Total payments issued from fiscal year 2008 through fiscal year 2015 are $1,806,514.

2. Health Care Insurance, Dental Assistance Plan, Life Insurance, Employee Assistance Program, and Long Term Disability Funds for State Employee Benefit Plans

The Employee Benefits Division of the Department of Human Resources maintains medical/behavioral health insurance, dental assistance plan, life insurance, employee assistance program, and long term disability program funds for the benefit of current State employees, retired former employees, and legislators as well as employees and certain former employees of outside "special" groups which have been declared eligible to participate by statute or labor agreement. Not all of these named groups may participate in every plan. Detailed eligibility information for each group listed above can be found in the plan summaries that follow. Temporary and contractual employees are not eligible to participate in these plans.

Enrolled plan participants share in the premium cost of the medical/behavioral health plan. Prescription drug coverage is included in the medical/behavioral health plan. Premium rate setting is performed by an outside actuary in conjunction with the Administrative Services Division of the Department of Human Resources. The State's liability for incurred but not yet reported (IBNR) claims is calculated by the actuary and is based on the State's prior claims experience. Special Groups covered under the health insurance plan remit premium to the State for their members. Retirees covered under the health plan pay premium through the Retirement Division of the Treasurer's Office.

The medical insurance plan offerings have been in place since 2001. The plan options are: TotalChoice and HealthGuard which are "preferred provider organization" indemnity-type plans; the SelectCare plan which is a "point of service" plan, similar to an open-ended HMO (members may opt out of the SelectCare network but must meet a deductible and coinsurance to do so); and the SafetyNet option which is a high-deductible catastrophic plan and was offered until the end of December, 2013. Benefits are administered under a managed care arrangement. All four health plan options are self-insured by the State. The State employs a third party administrator to provide administrative services, including claims payment. To limit the State's large claims exposure, the State has purchased a stop loss insurance policy.

The self-funded State of Vermont Employee Dental Assistance Plan provides up to $1,000 regular dental benefits annually and up to $1,750 lifetime benefit for orthodontic expenses for each participant. These plan caps effectively limit the State's exposure to catastrophic loss so no stop-loss insurance has been purchased. The Administrative Services Division within the Department of Human Resources sets the premium rates, in consultation with the dental plan administrator's actuary. Participants include all groups mentioned in paragraph 1 above except for retirees. The State pays 100% of the premium for State employee participants and their covered dependents. Special Groups covered under the dental assistance plan remit premium to the State for their members.

The State of Vermont Employee Life Insurance Program consists of a Term-Life benefit and an Accidental Death and Dismemberment (AD&D) benefit, each of which provides coverage equal to two times a participant's base salary rounded down to the nearest $100. Retirees who work for the State for at least twenty years and who have life insurance at the time of retirement receive a retiree life benefit of $10,000 with no AD&D coverage. Both Life and AD&D are fully insured benefits. The State purchases insurance under which the carrier retains liability for all claims. The Administrative Services Division calculates the premium rates charged to departments for both of these programs. The State pays 75% of active employees' premiums and 100% of retirees' premium costs. Only current State employees, retired State employees, and current active employees of outside special groups are eligible to participate. Special Groups covered under the life insurance plan remit premium to the State for their members.

An Employee Assistance Program (EAP) is provided for the benefit of State employees and members of their immediate household. This program assists employees and family members in addressing problems that impact their lives including stress, family, financial, substance abuse, and other issues. Active State employees and their families are eligible for this program. The EAP Program Manager is paid a monthly fee based on the number of employees who work for the State. The plan provides up to 5 counseling sessions per case through a network of providers. No claims costs, or claims liabilities are incurred under this plan by the State. The State pays 100% of the fee for this plan.

A Long Term Disability Program is provided as an income replacement benefit for certain State employees who become disabled due to non-occupational injury or illness, and the disability is expected to be long term or permanent. The plan provides financial protection for State employees and their families by continuing a portion of their income while disabled. Only State employees who are not eligible to be represented by the employees' unions (the Vermont State Employees Association and the Vermont Troopers Association) are eligible for this benefit. Employees must be employed for one (1) year before coverage is effective. This plan is fully insured through an insurance company, so there is no liability to the State for claims. The premium is based on a percentage of the salaries of eligible participants. The State issues payment to the insurance company for the premium and the cost is then recovered from eligible employees in the following manner: Those eligible employees who are covered by a leave plan forfeit one day of compensated absence leave per year. Those eligible employees who are not covered by a leave plan have a one-time 0.2% salary reduction in their next cost-of-living increase following eligibility.

Three years' changes in the respective funds' claims liability amounts are displayed in the following table:

Fund and Fiscal Year	Liability at Beginning of the Fiscal Year	Current FY Claims and Changes in Estimates	Current FY Claims Payments	Liability at End of the Fiscal Year
Workers' Compensation Fund				
2013	$ 26,063,348	$ 9,668,124	$ 8,437,633	$ 27,293,839
2014	27,293,839	12,207,238	8,164,385	31,336,692
2015	31,336,692	8,659,714	8,448,751	31,547,655
State Liability Insurance Fund				
2013	7,167,134	1,770,040	2,892,628	6,044,546
2014	6,044,546	1,368,261	1,615,870	5,796,937
2015	5,796,937	2,698,167	1,639,611	6,855,493
Medical Insurance Fund				
2013	12,683,413	125,038,644	125,837,029	11,885,028
2014	11,885,028	146,557,229	144,983,169	13,459,088
2015	13,459,088	148,100,652	144,930,860	16,628,880
Dental Insurance Fund				
2013	213,839	5,129,557	4,963,106	380,290
2014	380,290	5,143,372	5,263,164	260,498
2015	260,498	6,139,185	6,076,607	323,076

B. Budget Stabilization Reserves

The 1993 Legislature amended action taken by the 1987 Legislature by repealing legislation creating the Budget Stabilization Trust Fund and created separate Budget Stabilization Reserves within both the General Fund and Transportation Fund. The Education Fund Budget Stabilization Reserve was created by the 1999 Legislature. These reserves were created to reduce the effects of annual variations in State revenues upon

these funds by reserving certain surpluses of revenues.

The reserves balances consist of any budgetary basis surplus at the close of the fiscal year, provided the balance in each fund's Budget Stabilization Reserve shall not exceed an amount equal to five percent of its appropriations for the prior fiscal year plus any additional amounts as may be authorized by the Vermont Legislature. Use of the reserve is limited to offsetting the respective fund's deficit at the close of a fiscal year. For fiscal year 2015, the State fully funded the Budget Stabilization Reserves for the General, Transportation and Education Funds to their respective statutory maximum levels. The balances at June 30, 2015 are as follows: $12,552,891 in the Transportation Fund's Budget Stabilization Reserve; $69,309,130 in the General Fund's Budget Stabilization Reserve; and $32,046,076 in the Education Fund's Budget Stabilization Reserve.

The State has previously reported its General Fund Budget Stabilization Reserve as reserved for budget stabilization in the governmental funds. With the implementation of GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", the reserve does not meet the criteria to be classified as restricted or committed fund balance, and is reported as unassigned fund balance. There has been no change in the budget stabilization policy or the way in which the policy is being carried out. The Transportation Fund's Budget Stabilization Reserve and the Education Fund's Education Reserve are classified as committed for transportation and education, respectively.

C. Contingent and Limited Liabilities

1. Contingent Liabilities

Vermont Economic Development Authority:
In 1974, the General Assembly created the Vermont Industrial Development Authority, renamed it the Vermont Economic Development Authority (VEDA) in 1993; and transferred the functions and the responsibilities of the Vermont Industrial Building Authority, Industrial Park Authority, and the Aid Board to it. Each of these original entities was relegated to a particular segment of commercial development. VEDA was established as a body corporate and politic and a public instrumentality of the State. It is governed by a fifteen member board which consists of the Secretary of the Agency of Commerce and Community Development, the State Treasurer, the Secretary of Agriculture, Food and Markets, and ten public members appointed by the Governor with the advice and consent of the Senate. The full faith and credit of the State is pledged to support the activities of VEDA.

VEDA has the power, under its two insurance programs (the Mortgage Insurance Program – MIP and the Financial Access program – FAP), to insure various types of loans.

Under the MIP, VEDA has the power to insure up to $3.5 million of loans made by financial institutions for the purchase of land and construction of industrial building facilities in the State; to finance the purchase of machinery and equipment; and to provide working capital. The refinancing of existing loans is also possible under the act that created VEDA. In FY2015, VEDA included a loss reserve of $393,000 related to the MIP and in accordance with the State's guarantee, the State recorded a similar liability at June 30, 2015. As of June 30, 2015, the State's contingent liability for mortgage insurance contracts insured under its MIP is $1,076,303.

VEDA is authorized to reimburse lenders participating in its other insurance program (FAP) for losses incurred on loans that the lenders register with VEDA. The full faith and credit of the State is pledged in an amount equal to the reserve premium payment deposited by the participating lenders for each registered loan, with the aggregate amount of credit that may be pledged not to exceed $1 million at any one time. The State's contingent liability for the FAP at June 30, 2015 is $127,484. The State has no recorded payable to VEDA in the Governmental Funds for fiscal 2015.

VEDA also operates the Small Business Loan Program and a Vermont Entrepreneurial Lending Program. The full faith and credit of the State is pledged to guarantee up to $1 million dollars of these loans. In a prior fiscal, the State paid VEDA $308,737 for losses that were incurred in this program; however, $17,900 was recovered.

The State's contingent liability for this program is $709,200.

Federal Grants:
The State receives federal grants that are subject to audit and review by federal grantor agencies that could result in expenditures being disallowed under the terms of the grants. However, it is believed that required reimbursements resulting from such disallowances would not be material.

2. Limited Liabilities

Vermont Economic Development Authority:
The State has a limited liability for the VEDA. VEDA may create one or more debt service reserve funds in accordance with 10 V.S.A. Section 219. Annually, VEDA must report to the State the amount necessary to bring the reserve balances up to the minimum required by statute. This sum so certified may be appropriated by the State. To date, it has not been necessary for the State to appropriate money to maintain the reserve and it is not anticipated that any appropriation will have to be made.

Vermont Municipal Bond Bank:
The State has a limited liability for the Vermont Municipal Bond Bank (Bank). The Bank is required to maintain debt service reserve funds. 24 V.S.A. Section 4675 requires the State to provide annual appropriations to restore the reserve funds to the required minimum balance, if necessary. It has never been necessary for the State to appropriate money to the reserve fund and it is not anticipated that it will need to make an appropriation in the future.

Vermont Housing Finance Agency:
The State has a limited liability for the Vermont Housing Finance Agency (Agency). The Agency may create one or more debt service reserve funds in accordance with 10 V.S.A. Section 632. Annually, the Agency must report to the State the amount necessary to bring these reserve fund balances up to the minimum required by statute. This sum so certified may be appropriated by the State. It has not been necessary for the State to appropriate money to maintain the reserve fund and it is not anticipated that any appropriation will have to be made.

Vermont Student Assistance Corporation:
The State has a limited liability for the VSAC. VSAC may create one or more debt service reserve funds in accordance with 10 V.S.A. Section 2867. Annually, VSAC must report to the State the amount necessary to bring the reserve balances up to the minimum required by statute. This sum so certified may be appropriated by the State. To date, it has not been necessary for the State to appropriate money to maintain the reserve and it is not anticipated that any appropriation will have to be made.

Vermont Telecommunications Authority:
The State has a limited liability for the VTA. VTA may create one or more debt service reserve funds in accordance with 10 V.S.A. Section 8065. Annually, VTA must report to the State the amount necessary to bring the reserve balances up to the minimum required by statute. This sum so certified may be appropriated by the State. To date, it has not been necessary for the State to appropriate money to maintain the reserve and it is not anticipated that any appropriation will have to be made.

University of Vermont:
The State has a limited liability for the UVM. UVM may create one or more debt service reserve funds in accordance with 16 V.S.A. Section 2363. Annually, UVM must report to the State the amount necessary to bring the reserve balances up to the minimum required by statute. This sum so certified may be appropriated by the State. To date, it has not been necessary for the State to appropriate money to maintain the reserve and it is not anticipated that any appropriation will have to be made.

Vermont State Colleges:
The State has a limited liability for the VSC. VSC may create one or more debt service reserve funds in accordance with 16 V.S.A. Section 286. Annually, VEDA must report to the State the amount necessary to bring the reserve balances up to the minimum required by statute. This sum so certified may be appropriated by the State. To date, it has not been necessary for the State to appropriate money to maintain the reserve and it is not anticipated that any appropriation will have to be made.

3. Contractual Liabilities

At June 30, 2015, the State of Vermont had long-term contracts outstanding of approximately $339,351,654 funded from federal sources, and $1,063,294,058 funded from all other funding sources. Contracts such as retainer contracts and contracts for commodities have not been included since the nature of these on-going contracts are tracked statewide to ensure the best prices for supplies and some professional services. Following is a summary of contractual liabilities by agency, department or office at June 30, 2015.

Agency, Department, or Office	Total Contractual Obligation	Funded by Federal Sources	Funded by Other Sources
Agency of Administration	$ 240,692,009	$ 20,648	$ 240,671,361
Agency of Agriculture, Food & Markets	1,461,436	221,885	1,239,551
Agency of Commerce & Community Development	1,196,975	43,210	1,153,765
Agency of Human Services	10,034,202	9,436,427	597,775
Agency of Natural Resources	245,760,637	60,450,200	185,310,436
Agency of Transportation	12,365,603	2,200,920	10,164,683
Auditor of Account's Office	568,340,431	243,719,651	324,620,781
Center of Crime Victims Services	3,946,433	-	3,946,433
Criminal Justice Training Council	31,193	-	31,193
Agency of Education	577,911	-	577,911
Department of Labor	1,712,800	1,712,800	-
Department of Liquor Control	2,532,065	-	2,532,065
Department of Public Safety	3,713,712	898,421	2,815,291
Enhanced 911 Board	11,357,586	-	11,357,586
Department of Financial Regulation	3,481,448	-	3,481,448
Fire Service Training Council	-	-	-
Green Mountain Care Board	4,014,385	3,600,630	413,755
Joint Fiscal Office	252,860	-	252,860
Judiciary	-	-	-
Military Department	18,867,931	15,689,089	3,178,841
Office of the Attorney General	1,552,606	17,791	1,534,815
Office of the Defender General	3,311,279	-	3,311,279
Public Service Board	1,477,769	-	1,477,769
Public Service Department	5,551,579	84,092	5,467,487
Secretary of State's Office	3,607,337	1,255,889	2,351,448
State Treasurer's Office	246,701,317	-	246,701,317
State's Attorneys and Sheriffs Office	747,340	-	747,340
Vermont Life Magazine	412,583	-	412,583
Vermont Lottery Commission	8,944,285	-	8,944,285
Total	$ 1,402,645,712	$ 339,351,654	$ 1,063,294,058

The Agency of Transportation contracts are mainly infrastructure construction contracts of which 71% have end dates of June 30, 2016 or earlier. Of the Agency of Human Services contract liability balance, 38% is for contracts in the Department of Corrections, 35% is Department of Vermont Health Access, and 12% is Department of Health. Of the contracts in the Agency of Administration, 78% have end dates during fiscal year 2016, and are primarily for human resource benefit administration services, information technology services (including an electronic integrated tax system), and capital construction. The State Treasurer's Office contracts are mostly investment management services and health insurance for the retirement plans which consist of 97% of the total, with 50% having end dates during fiscal year 2016.

4. Grant Awards

The State of Vermont engages in many grant programs that benefit municipalities, non-profits, individuals and families statewide. The grant table summarizes the grant activity by government function. The award balance represents the total grant obligation outstanding at the beginning of the fiscal year. The current year awards are grants issued during the current fiscal year and have a start date during the current or prior fiscal year, and also awards issued in a prior fiscal year that have a start date in the current fiscal year. The award adjustments are grants amended in the current fiscal year that had a start date a the prior fiscal year. The grants expended include payments issued to grantees on both current year awards and prior year grant awards. The award balances at June 30, 2015 represents the remaining unexpended award amounts.

		Total Grant Obligation				
	Number of Grants Awarded in 2015	Award Balances at June 30, 2014	Current Year Awards	Award Adjustments	Grants Expended	Award Balances at June 30, 2015
General Government	503	$ 25,155	$ 94,698,320	$ 5,187,886	$ (99,245,456)	$ 665,905
Protection to Persons and Property	908	25,174,279	37,194,368	(1,327,565)	(35,702,001)	25,339,081
Human Services	901	65,118,027	225,711,798	(8,869,198)	(176,987,033)	104,973,594
Employment and Training	61	2,163,013	3,018,781	-	(2,408,147)	2,773,647
General Education	1,889	23,551,499	126,911,041	-	(119,224,670)	31,237,870
Natural Resources	271	23,781,873	18,699,777	2,655,727	(28,118,844)	17,018,533
Commerce and Community Development	193	29,304,421	24,604,127	639,385	(15,486,231)	39,061,702
Transportation	501	182,443,715	93,120,777	8,359,324	(102,861,566)	181,062,250
Grant Total	5,227	$ 351,561,982	$ 623,958,989	$ 6,645,559	$ (580,033,948)	$ 402,132,582

The major grants awarded in 2015 are summarized below by agency or department.

Human Services

Public health grants are awarded for prevention of diseases, public awareness programs like tobacco cessation, alcohol & drug abuse programs, HIV prevention and family planning, vaccinations and inspection programs. In 2015, there were 269 grants awarded totaling over $48 million for public health.

During fiscal year 2015, programs under mental health for adults and children were awarded approximately $23 million. Programs managed under mental health are for child care services, substance abuse and rehabilitation, services for homeless people with mental illness, and transitional support and housing.

The Department of Children and Families awarded 296 grants totaling over $63 million for programs in 2015. Programs included economic assistance and services for families, child development programs, and weatherization programs.

There were $28 million in grants awarded to 101 grantees for various aged and independent living programs. The majority of the grants were for training, work based learning and supported education, abuse prevention, caregiver programs, services for individuals with physical disabilities, general support for the blind and visually impaired, and grants for congregate and home delivered meals.

During fiscal year 2015, the State paid $30 million to Fletcher Allen Health Care for the Graduate Medical Education program (GME). The GME program helps ensure access to quality essential professional health services for Medicaid beneficiaries through the care provided by teaching physicians and teaching hospitals. The University of Vermont contributed $13.1 million to the State to support the GME programs; this support is listed as other revenue in the Global Commitment Fund.

General Government

The Agency of Administration includes the Department of Libraries which awarded 139 grants in the amount of $60,964 to public libraries throughout the state, and the Department of Taxes which awarded 257 grants in the amount of $96,438 to municipalities, Information and Innovations awarded $2.4 million to Vermont Telecommunications Authority for the expansion of broadband and cell phone service statewide, and the Department of Finance and Management awarded approximately $90 million to help fund higher education in Vermont.

Education

The Agency of Education awarded 1889 grants in 2015 providing support for Vermont's education system. Programs include early education and readiness programs plus wellness food programs for children. Secondary education program include the flexible pathways initiatives to increase the rates of graduation and continuation on to post-secondary education. Other programs focus on basic adult education, technology advances, and teacher and principal training and recruitment.

Transportation

Transportation grants provide funding to communities around the state that focus on safety, preservation and maintenance of existing transportation systems, economic development, and energy efficient transportation choices. Funding for ongoing projects include bridge replacement and rehabilitation, culvert repair, paving projects, enhancement projects, and various roadway projects. Vermont Better Backroads Program is an example of an enhancement project designed to promote the use of erosion control and maintenance techniques that save money while protecting and enhancing Vermont's lakes and streams. Funding is also provided for transportation alternatives including on- and off-road pedestrian and bicycle facilities, infrastructure projects for improving non-driver access to their daily needs, community improvement activities, and environmental mitigation; safe routes to school projects; and projects for planning, designing, or constructing boulevards and other roadways.

Natural Resources

The Agency administers grant and loan programs through its 3 departments. The Department of Environmental Conservation awarded more than $14 million in funding which included loans to Municipalities for repair and improvement of water systems, pollution control systems, and storm-water projects. Other programs focused on education and informing the public about proper disposal of household hazardous waste products, aquatic nuisance control, and protecting environmentally sensitive areas. The Department of Forest, Parks & Recreation awarded approximately $3 million in grants for programs that promote outdoor recreation while at the same time establish protocol to protect the environment; and the Department of Fish & Wildlife awarded approximately $1 million in grants providing funding for an improved water and boating infrastructure, and enhanced and environmentally responsible shooting ranges.

Protection to Persons and Property

Public Safety grants are made up of safety programs like fire prevention and safety, motorcycle safety, bicycle safety, traffic safety, seatbelt safety and boating safety. In addition, the Division of Emergency Management & Homeland Security provides aid and support to Vermont's local emergency response providers by funding disaster preparedness programs. The Department issued 483 grants totaling over $18 million.

The Vermont Crime Victims' Services awarded 105 grants in the amount of $5.1 million for crime victim assistance, and domestic and family violence services' programs.

The Agency of Agricultural, Food & Markets awarded 215 grants in the amount of $6.4 million to support programs that encourage growth of agriculture in Vermont while protecting the health of consumers and Vermont's environment.

Commerce and Community Development

The Agency awarded 193 grants in 2015 for programs which aim to provide decent housing, assure a suitable living environment, and expand economic opportunities for Vermonters. In addition, the agency funds the preservation of historic buildings, agricultural barns, and programs to integrate historic preservation concerns with local planning options. Of the 193 grants issued, the Department of Housing & Community Development awarded 134 grants totaling over $21 million in funding. The Department of Economic Development awarded 42 grants totaling approximately $1.4 million with $600,000 of the funding allocated to the Vermont Training Program which provides employers with performance based workforce grants for pre-employment training, training for new hires and incumbent workers.

Labor

The department awarded over $3 million to 61 grant recipients in 2015 primarily for workforce education and training activities. The grant award programs focus on economic and workforce development, increased funding for post-secondary education, and training through internships or scholarships in schools.

D. Litigation

The State, its agencies, officials and employees are defendants in numerous lawsuits involving funding for social welfare programs, civil rights actions, public education funding, breach of contract and negligence. The Attorney General is unable to predict the ultimate outcome of the majority of these suits, some of which seek recovery of monetary damages of unspecified amounts. However, based on information provided by the Attorney General, any ultimate liability to the State resulting from these lawsuits that is not covered by various insurance policies, would not materially affect the State's overall financial condition.

E. Joint Venture

The State of Vermont has entered into a Tri-State Lotto Compact with the States of New Hampshire and Maine for the purpose of operating a tri-state lottery. This lottery does not replace Vermont's individual lottery games but is run in addition to the existing games. The Compact provided for the creation of a Tri-State Lottery Commission (Commission) which is an interstate body, both corporate and politic, serving as a common agent for the party states and representing them both collectively and individually in the exercise of its powers and duties. The Commission is composed of one member from each of the party states. Each State's lottery appoints one of its members to this position. The three-member Commission annually elects a chairperson from among its members. The Commission is empowered to promulgate rules and regulations governing the establishment and to administer the operation of the Tri-State Lotto. Tri-State Lotto tickets are sold in each of the party states and processed in a central location as determined by the Commission. Fifty percent of the gross sales from each State are aggregated in a common prize pool, and operating costs are charged proportionally to each of the party states. The remaining revenues generated within each State remain in that particular State.

	June 30, 2015	June 30, 2014	Increase (Decrease)
Comparative Financial Information			
Assets	$ 42,908,357	$ 49,571,103	$ (6,662,746)
Liabilities	$ 34,523,383	$ 40,201,794	$ (5,678,411)
Operating revenues	$ 55,875,517	$ 56,050,185	$ (174,668)
Interest income	$ 87,768	$ 73,172	$ 14,596
Commissions, fees and bonus expense	$ 4,454,275	$ 4,916,238	$ (461,963)
Prize awards	$ 29,421,167	$ 28,746,120	$ 675,047
Other operating expenses	$ 3,549,364	$ 3,995,561	$ (446,197)
Total transfers to member states	$ 18,538,479	$ 18,465,438	$ 73,041
Transfer to Vermont	$ 3,418,837	$ 2,864,630	$ 554,207

Additional information regarding the Tri-State Lotto Commission may be obtained by contacting the Vermont Lottery Commission, 1311 US Route 302-Berlin, Suite 100, Barre, Vermont 05641.

F. Accounting Changes

Accounting changes related to government combinations

During the year ended June 30, 2015, the State implemented GASB Statement No. 69, Government Combination and Disposals of Government Operations, which provides accounting and financial reporting guidance for government combinations and disposals of government operations. During the fiscal year, the operations of Vermont Center for Geographic Information (VCGI) (a discretely presented component unit of the State of Vermont) were merged into the State's Agency of Commerce and Community Development.

The combination became effective on March 31, 2015; however, under the provisions of GASB Statement No. 69, the merger date is July 1, 2014, the beginning of the reporting period in which the combination occurred. The initial opening balances of VCGI's assets, liabilities and net position as of the beginning of the period, were determined based on the carrying values reported in the separate financial statements of VCGI as of June 30, 2014. The removal of VCGI as a discretely presented component unit of the State resulted in a $197,431 restatement of opening net positon in the Statement of Activities for the component units. In order to bring the accounting principles of VCGI into conformance with those of the State an adjustment to capital assets in the amount of $18,019 was made to reflect a consistent method of accounting for capitalization of assets. The merger of VCGI along with the adjustment to capital assets described above resulted in a $179,412 restatement of opening net positon of governmental activities in the Statement of Activities.

A schedule of the adjusted balances recorded as of the merger date is shown on the following page.

	State of Vermont Governmental Activities	VCGI	Total	Adjustments Debit	Adjustments Credit	Total
Assets						
Current assets	$1,037,106,530	$ 227,519	$1,037,334,049	$ -	$ -	$1,037,334,049
Capital assets	2,296,471,386	20,969	2,296,492,355	-	18,019	2,296,474,336
Other non-current assets	375,527,875	-	375,527,875	-	-	375,527,875
Total assets	3,709,105,791	248,488	3,709,354,279	-	18,019	3,709,336,260
Deferred outflows of Resources						
Loss on refunding of bonds payable	6,909,872	-	6,909,872	-	-	6,909,872
Total deferred outflow of resources	6,909,872	-	6,909,872	-	-	6,909,872
Liabilities						
Current liabilities	520,640,834	51,057	520,691,891	-	-	520,691,891
Non-current liabilities	1,461,838,892	-	1,461,838,892	-	-	1,461,838,892
Total liabilities	1,982,479,726	51,057	1,982,530,783	-	-	1,982,530,783
Net Position						
Net investment in capital assets	2,010,723,836	20,969	2,010,744,805	18,019	-	2,010,726,786
Restricted	579,356,244	-	579,356,244	-	-	579,356,244
Unrestricted	(856,544,143)	176,462	(856,367,681)	-	-	(856,367,681)
Total net position	$1,733,535,937	$ 197,431	$1,733,733,368	$ 18,019	$ -	$1,733,715,349

Implementation of this standard required restatement of opening fund balances of the Special Fund. In order to reflect the modified accrual basis of accounting used in Special Fund, an adjustment of $3,979 was made to the amount used in the restatement of opening net position in the governmental activities for the assets and liabilities that were merged following the accrual basis of accounting. This adjustment resulted in a restatement of opening fund balances of the Special Fund of $175,433.

	Special Fund
As originally reported	$ 99,964,250
Restatements	
Recognition of opening net position of VCGI upon merger date per GASB Statement No. 69	175,433
Restated amount	$ 100,139,683

Accounting changes related to changes in pension plan reporting

During the year ended June 30, 2015, the State implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, that requires that employers and non-employer contributing entities report a net pension liability and related pension expense as determined by the plans under the requirements contained in GASB Statement No. 67, *Financial Reporting for Pension Plans*. Previously, GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, required employers to report a net pension obligation as determine under the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Plans and Note Disclosures for Defined Contribution Plans*.

Also during the year ended June 30, 2015, the State implemented GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An amendment of GASB Statement*

No. 68, that requires that upon implementation of GASB Statement No. 68, a government recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability.

Implementation of these two standards had no effect on the beginning fund balances of governmental funds. However, the beginning net positions of governmental and business activities, certain enterprise funds and a discretely presented component unit have been restated. The restatement eliminated the previously reported net pension obligation and recognizes the newly required net pension liability and deferred outflow of resources. The effect of the restatement is shown below.

Restatement of net position

The effects of accounting changes on net position were as follows:

	Governmental Activities	Business-type Activities	Liquor Control Fund	Vermont Lottery Commission	Vermont Life Magazine Fund
As originally reported, July 1	$ 1,733,535,937	$ 157,415,817	$ 5,918,826	$ 688,993	$ (2,033,130)
Restatements					
Elimination of opening net pension obligation as of June 30, 2014	198,205,956	-	-	-	-
Recognition of opening net pension liability as of July 1, 2014	(1,445,629,411)	(3,946,034)	(2,565,758)	(948,309)	(431,967)
Recognition of deferred outflow of resources for pension contributions made during the year ended June 30, 2014	106,443,620	482,258	314,527	111,312	56,419
Recognition of opening net position of VCGI upon merger date	179,412	-	-	-	-
Restated amount	$ 592,735,514	$ 153,952,041	$ 3,667,595	$ (148,004)	$ (2,408,678)

The effects of accounting changes on net position of component units were as follows:

	University of Vermont and State Agricultural College	Vermont Sustainable Jobs Fund	Vermont Veterans' Home	Vermont Center For Geographic Information, Inc.
As originally reported	$ 528,250,000	$ 996,469	$ 12,144,483	$ 197,431
Restatements				
Elimination of opening net position of VCGI upon merger date	-	-	-	(197,431)
Prior period restatement to report investment using the equity method	-	(323,064)	-	-
Prior period restatement to report split interest agreements	(5,263,000)	-	-	-
Recognition of opening net pension liability as of July 1, 2014	-	-	(8,312,156)	-
Recognition of deferred outflow of resources for pension contributions made during the year ended June 30, 2014	-	-	996,618	-
Restated amount	$ 522,987,000	$ 673,405	$ 4,828,945	$ -

G. Subsequent Events

1. Debt Issuances

2015 Series A (Vermont Citizens Bonds) (Green Bonds) – General Obligation Bonds and 2015 Series B - General Obligation Bonds

The State issued $28,515,000 of 2015 Series A - General Obligation Bonds, dated October 22, 2015. The bonds are general obligations of the State of Vermont, and the full faith and credit of the State are pledged to the payment of principal and interest on these bonds. The interest rates on these bonds vary from 2% to 5%, and payment to bondholders is scheduled to commence on August 15, 2016, and terminate on August 15, 2030.

The State issued $61,345,000 of 2015 Series B - General Obligation Bonds, dated October 22, 2015. The bonds are general obligations of the State of Vermont, and the full faith and credit of the State are pledged to the payment of principal and interest on these bonds. The interest rates on these bonds vary from 2.625% to 5%, and payment to bondholders is scheduled to commence on August 15, 2016, and terminate on August 15, 2035.

The issuance of these bonds is authorized by capital acts from legislative sessions: Act 26 (2015), and Act 51 (2013) as amended by Act 178 (2014). The proceeds are to be used for various purposes including capital projects, major maintenance at the State buildings, Vermont State Colleges, University of Vermont, Vermont school construction, various projects in the areas of human services, natural resources, public safety, agriculture, various grant purposes, and other projects.

2015 Series C—General Obligation Refunding Bonds

The State issued $25,720,000 of 2015 Series C – General Obligation Refunding Bonds, dated October 22, 2015, for the purpose of advance refunding of $25,250,000 of the 2009 Series A - General Obligation Bonds maturing on March 1 in the years 2020 through 2029. Interest rates on the bonds range from 2% to 4%, and payments to bondholders are scheduled to commence on August 15, 2017, and terminate on August 15, 2028. As a result of the bond refunding transaction, the State reduces its total debt service payments over the next 15 years by $2,464,019, and achieves an economic gain of $1,876,469.

2. Medicaid and Children's Health Insurance Program Eligibility Determination

The Medicaid and Children's Health Insurance Programs are part of the Global Commitment Fund, which receives funding from the General and Special Funds, and federal grants. Since implementation of the State's health insurance market place, Vermont Health Connect (VHC), in fiscal year 2014, the State has experienced functionality challenges with the system's eligibility and renewal determination components for the Medicaid and Children's Health Insurance Program (CHIP) programs. During fiscal year 2015, the State was unable to ensure its compliance with the renewal and eligibility requirements related to the Medicaid and CHIP programs. Accordingly, the state requested and, on November 13, 2015, received approval from the Centers for Medicare & Medicaid Services (CMS) for a waiver, under section 1902(e)(14)(A) of the Social Security Act, that allows the State to delay the implementation of eligibility determination renewal and redetermination provisions of the Affordable Care Act until fiscal years 2016 and 2017. The accompanying financial statements reflect the impact of this waiver for the year ended June 30, 2015.

Due to this waiver, the State will not be required to comply with 42 CFR sections 435.916(a), 435.916(b), and 435.952(j) for claims paid for services provided to ineligible beneficiaries during state fiscal year 2015.

3. Vermont Pension Investment Committee (VPIC)

On July 16, 2015, the Burlington Employees' Retirement System's (BERS) Board of Trustees voted to withdraw from the VPIC investment pool. The BERS is the sole external participant in the Investment Trust Fund. At this time the State Treasurer's Office is creating a plan for this withdrawal. It is expected that the withdrawal will occur during fiscal year 2016.

4. Retirement Incentive Program

In an effort to reduce labor costs, the 2016 Appropriation Act, the legislature authorized the State Treasurer's Office's Retirement Division to offer a Retirement Incentive Program. The program encourages State employees to retire effective October 1, 2015 (and no later than March 1, 2016) by issuing incentive payments up to $15,000 per employee. The retirement incentive payment shall be made in equal installments during fiscal years 2016 and 2017 with the first payment within 90 days of the retirement date and the second payment within 30 days of the one-year anniversary of the retirement date. Incentive payments will be made through the State's operating fund and not through the pension fund.

The program was offered to all eligible State employees (approximately 1,000) on July 17, 2015. The employee was required to submit an application to the program by August 31, 2015. There were 311 initial applicants, and only 221 employees are actually participating. Although the exact incentive payment for employees who have not yet retired has not been calculated, the State estimates the total cost of the incentive payments will be approximately $3.2 million, split over fiscal year 2016 and 2017.

In order to achieve long-term savings, the legislation also states that at least three-fourths of the positions vacated through this program must remain vacant and unfunded.

Required Supplementary Information

(Unaudited)

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PLANS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST TWO FISCAL YEARS
(Dollar amounts expressed in thousands)
(Unaudited)

	VSRS[1]		STRS[2]		MERS[3]	
	2015	2014	2015	2014	2015	2014
Total pension liability						
Service cost	$ 41,786	$ 39,369	$ 33,614	$ 33,144	$ 24,366	$ 22,519
Interest	164,405	156,635	215,448	206,150	46,058	42,139
Differences between expected and actual experience	3,979	-	20,003	-	3,046	-
Changes of assumptions	62,247	-	57,489	-	19,192	-
Benefit payments, including refunds of member contributions	(111,396)	(104,493)	(150,734)	(140,846)	(23,314)	(20,601)
Net change in total pension liability	161,021	91,511	175,820	98,448	69,348	44,057
Total pension liability, July 1	2,008,888	1,917,377	2,663,801	2,565,354	543,652	499,595
Total pension liability, June 30	2,169,909	2,008,888	2,839,621	2,663,802	613,000	543,652
Plan fiduciary net position						
Contributions - employer	55,881	56,483	-	-	14,136	12,806
Contributions - non-employer	-	-	72,909	72,668	-	-
Contributions - member	33,296	31,746	34,864	32,559	13,588	13,234
Net investment income (loss)	(8,485)	203,722	(7,567)	212,338	(2,359)	64,346
Benefit payments, including refunds of member contributions	(111,396)	(104,493)	(150,733)	(140,847)	(23,315)	(20,601)
Administrative expenses	(1,858)	(1,158)	(2,260)	(26,116)	(950)	(588)
Other	177	454	538	411	279	2,143
Net change in fiduciary net position	(32,385)	186,754	(52,249)	151,013	1,379	71,340
Plan fiduciary net position, beginning of year	1,657,246	1,470,492	1,705,365	1,554,352	534,525	463,186
Plan fiduciary net position, end of year	1,624,861	1,657,246	1,653,116	1,705,365	535,904	534,526
Net pension liability, June 30	$ 545,048	$ 351,642	$ 1,186,505	$ 958,437	$ 77,096	$ 9,126
Plan fiduciary net position as a percentage of the total pension liability	74.88%	82.50%	58.22%	64.02%	87.42%	98.32%
Covered employee payroll	$ 437,676	$ 416,766	$ 567,074	$ 563,623	$ 230,969	$ 220,372
Net pension liability as a percentage of covered-employee payroll	124.53%	84.37%	209.23%	170.05%	33.38%	4.14%
Notes to Schedule						
Change in assumptions:discount rate	7.95%	8.15%	7.95%	8.15%	7.95%	8.15%
Benefit changes since June 30, 2014: None						
Plan Type:	[1]single employer		[2]cost-sharing multiple employer with special funding situation		[3]cost-sharing multiple employer	

GASB No. 67 required supplementary information is not available for fiscal years prior to 2014. Data for future years will be added prospectively.

See Independent Auditor's Report.

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENFIT PLANS
SCHEDULE OF INVESTMENT RETURNS
LAST TWO FISCAL YEARS
(Unaudited)

	2015	2014
VERMONT STATE RETIREMENT SYSTEM		
Annual money-weighted rate of return, net of investment expense	-0.50%	14.05%
STATE TEACHERS' RETIREMENT SYSTEM		
Annual money-weighted rate of return, net of investment expense	-0.40%	13.83%
VERMONT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM		
Annual money-weighted rate of return, net of investment expense	-0.51%	14.13%

GASB No. 67 required supplementary information is not available for fiscal years prior to 2014. Data for future years will be added prospectively.

See Independent Auditor's Report.

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLANS
SCHEDULE OF EMPLOYER AND NONEMPLOYER CONTRIBUTIONS
LAST TWO FISCAL YEARS
(dollar amounts expressed in thousands)
(Unaudited)

Retirement System	Year Ended 6/30	Actuarially Determined Contribution (ADC)	Contributions in Relation to ADC	Contribution (Excess) Deficiency	Covered Employee Payroll (CEP)	Contribution as a Percent of CEP
Vermont State Retirement System	2015	$ 44,652	$ 55,881	$ (11,229)	$ 437,676	12.77%
	2014	42,786	56,483	(13,697)	416,766	13.55%
State Teachers' Retirement System	2015	$ 72,858	$ 72,909	$ (51)	$ 567,074	12.86%
	2014	68,353	72,668	(4,315)	563,623	12.89%
Vermont Municipal Employees' Retirement System	2015	$ 14,136	$ 14,136	$ -	$ 230,969	6.12%
	2014	12,806	12,806	-	220,372	5.81%

GASB No. 67 required supplementary information is not available for fiscal years prior to 2014. Data for future years will be added prospectively.

See Independent Auditor's Report. The accompanying notes are an integral part of the required supplemental information.

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLANS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

	VSRS	STRS	MERS
Valuation date Actuarially determined contributions rates are calculated as of June 30 (VSRS and STRS) and July 1 (MERS), two years prior to the end of the fiscal year in which contributions are reported.			
Actuarial cost method	Entry Age Normal	Entry Age Normal	Projected benefit cost method
Amortization method	Level percentage of payroll	Level percentage of payroll	Installments increasing 5% per year
Remaining amortization period All closed basis	24 years	24 years	24 years
Asset valuation method	Preliminary Asset Value plus 20% of difference between market and preliminary asset values	Preliminary Asset Value plus 20% of difference between market and preliminary asset values	Actuarial value of assets using a five year smoothing technique
Actuarial assumptions			
Investment rate of return [1]	7.95%	7.95%	7.95%
Projected salary increases	4.50%-7.79%	4.25%-8.40%	5%
Cost of living adjustments	1.5%-3.0%	1.5%-3.0%	Group A - 1.5% Groups B, C & D - 1.8%
Post Retirement Adjustments			
Allowances in payment for at least one year adjusted for cost of living based on CPI but not in excess of percentage indicated	Groups A, C & D - 5%	Group A - 5%	N/A
Allowances in payment for at least one year increased on January 1 by one-half of the percentage increase in CPI but not in excess of percentage indicated	Group F - 5% [2]	Group C - 5%	Group A - 2% Groups B, C & D - 3%
Assumed annual rate of cost-of-living increases	For those eligible for increases of 100% of CPI change: 3.0% For those eligible for increases of 50% of CPI change: 1.5%	For those eligible for increases of 100% of CPI change: 3.0% For those eligible for increases of 50% of CPI change: 1.5%	

[1]Through the 2014 valuations, a select-and-ultimate interest rate set was used ranging from 6.25% in year 1 to 9% in years 17 and later

[2]Effective January 1, 2014, the Group F employees who were actively contributing into the system on June 30, 2008, and retired on or after July 1, 2008, are eligible for 100% of CPI.

See Independent Auditor's Report.

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF STATE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST TWO FISCAL YEARS[1]
(dollar amounts expressed in thousands)
(unaudited)

	Vermont State Retirement System		State Teachers' Retirement System[2]	
	2015	2014	2015	2014
State's proportion of net pension liability	98.2355%	98.1400%	100%	100%
State's proportionate share of the net pension liability	$ 345,437	$ 438,573	$ 958,437	$ 1,011,002
Plan fiduciary net position as a percentage of the total pension liability	82.50%	76.69%	64.02%	60.59%

[1]The amounts presented for each fiscal year were determined by an actuarial valuation on June 30 two years prior to the fiscal year. The measurement period and measurement date is one year prior to the fiscal year.

[2]The State Teacher's Retirement System has a special funding situation where the State, as the non-employer contributing entity, is responsible for the net pension liability.

GASB No. 68 required supplementary information is not available for fiscal years prior to 2014. Data for future years will be added prospectively.

See Independent Auditor's Report.

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLANS
SCHEDULE OF FUNDING PROGRESS
(dollar amounts expressed in thousands)
(Unaudited)

Actuarial Valuation Date June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Vermont State Postemployment Benefit Trust Fund [1]						
2015	$ 19,904	$ 1,113,023	$ 1,093,119	1.79%	$ 488,949	223.57%
2014	18,904	1,092,728	1,073,824	1.73%	464,517	231.17%
2013	15,663	947,864	932,201	1.65%	436,949	213.34%
2012	13,379	1,011,783	998,404	1.32%	406,929	245.35%
2011	11,216	1,009,792	998,576	1.11%	420,321	237.57%
2010	7,897	925,183	917,286	0.85%	414,936	221.07%
Retired Teachers' Medical and Health Benefit Fund [2]						
2015 [3]	$ (10,056)	$ 993,037	$ 1,003,093	-1.01%	$ 576,255	174.07%
2014	-	766,775	766,775	0.00%	565,658	135.55%
2013	-	712,666	712,666	0.00%	563,534	126.46%
2012	-	827,180	827,180	0.00%	561,026	147.44%
2011	-	780,032	780,032	0.00%	547,748	142.41%
2010	-	703,751	703,751	0.00%	560,763	125.50%

[1] Based on a discount rate of 4.25% for 2010 - 2013, and 4.00% for 2014 and 2015.

[2] Based on a discount rate of 4.00%.

[3] For years prior to 2015 there was no explicit funding for these benefits. Effective 7/1/2014, Act 179 of 2014 section E.514.1 created this fund and provided for explicit contributions for funding these benefits on a pay-as-you-go basis.

See Independent Auditor's Report.

STATE OF VERMONT
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BEEFIT PLANS
SCHEDULE OF EMPLOYER AND NON-EMPLOYER CONTRIBUTIONS
(dollar amounts expressed in thousands)
(Unaudited)

	Year Ended 6/30	Annual Required Contribution	Percentage Contributed
Vermont State Postemployment Benefit Trust Fund			
	2015	$ 71,496	40.60%
	2014	64,119	37.85%
	2013	67,977	37.60%
	2012	69,880	39.57%
	2011	67,030	40.87%
	2010	57,998	38.84%
Retired Teachers' Health and Medical Benefits Fund [(1)]			
	2015	$ 40,988	35.78%
	2014	39,239	NA
	2013	45,458	NA
	2012	43,411	NA
	2011	41,509	NA
	2010	58,966	NA

[(1)] For years prior to 2015 there was no explicit funding for these benefits. Effective 7/1/2014, Act 179 of 2014 section E.514.1 created this fund and provided for explicit contributions for funding these benefits on a pay-as-you-go basis.

See Independent Auditor's Report.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Taxes	$ 1,337,400,000	$ 1,328,800,000	$ 1,346,438,731	$ 17,638,731
Earnings of Departments	21,200,000	21,400,000	22,068,780	668,780
Other	9,300,000	7,700,000	12,291,783	4,591,783
Total revenues	1,367,900,000	1,357,900,000	1,380,799,294	22,899,294
Expenditures				
General Government				
Agency of Administration	45,944,161	44,077,878	38,849,699	(5,228,179)
Executive Office	1,524,136	1,509,388	1,434,258	(75,130)
Legislative Council	11,116,655	11,402,577	10,839,141	(563,436)
Joint Fiscal Office	1,530,157	2,429,644	1,872,654	(556,990)
Sergeant at Arms	572,547	670,596	627,544	(43,052)
Lieutenant Governor's Office	180,970	194,796	184,462	(10,334)
Auditor of Accounts	396,846	428,017	362,052	(65,965)
State Treasurer	993,468	1,495,521	1,353,267	(142,254)
State Labor Relations Board	218,747	227,865	226,996	(869)
VOSHA Review Board	24,605	41,579	31,527	(10,052)
Homeowner Property Tax Assistance	15,717,000	15,358,820	14,832,064	(526,756)
Renter Rebate Tax Assistance	2,670,000	2,820,000	2,670,000	(150,000)
Protection to Persons and Property				
Attorney General	5,728,592	6,021,546	5,754,397	(267,149)
Defender General	13,758,814	14,389,940	14,069,900	(320,040)
Judiciary	37,396,272	37,005,088	36,664,558	(340,530)
State's Attorneys and Sheriffs	15,192,723	16,129,570	15,323,487	(806,083)
Department of Public Safety	40,179,312	43,285,803	40,558,186	(2,727,617)
Military Department	3,902,246	4,502,030	3,985,347	(516,683)
Center Crime Victim Services	1,208,747	1,894,035	1,894,035	-
Criminal Justice Training Council	2,365,241	2,416,879	2,358,442	(58,437)
Agency of Agriculture, Food and Markets	8,301,618	9,386,483	6,806,987	(2,579,496)
Department of Financial Regulation	-	60,000	60,000	-
Secretary of State	400,000	400,000	400,000	-
Public Service Department	-	185,380	-	(185,380)
Human Rights Commission	426,510	430,483	399,623	(30,860)
Human Services				
Agency of Human Services	643,478,517	643,644,763	631,210,889	(12,433,874)
Green Mountain Care Board	635,193	756,355	595,264	(161,091)
Governor's Commission on Women	343,974	379,430	330,398	(49,032)
Human Services Board	126,534	126,534	126,534	-
Vermont Veterans' Home	2,817,331	4,854,800	4,300,000	(554,800)
Labor				
Department of Labor	3,036,896	5,064,609	3,036,896	(2,027,713)
General Education				
Agency of Education	9,890,082	10,165,754	9,731,001	(434,753)
State Teacher's Retirement	81,109,170	81,109,170	81,109,170	-
Higher Education	84,791,486	84,375,268	84,375,194	(74)

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STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Expenditures				
Natural Resources				
Agency of Natural Resources	27,620,892	29,186,471	27,650,145	(1,536,326)
Natural Resources Board	827,770	813,268	813,268	-
Commerce and Community Development				
Agency of Commerce and Community Development	13,456,411	16,384,766	12,764,841	(3,619,925)
Cultural Development	1,933,671	1,914,470	1,914,470	-
Total expenditures	1,079,817,294	1,095,539,576	1,059,516,696	(36,022,880)
Excess of revenues over expenditures	288,082,706	262,360,424	321,282,598	58,922,174
Other Financing Sources (Uses)				
Transfers in	5,946,702	57,452,159	57,452,159	-
Transfers out	(372,073,762)	(371,936,716)	(371,936,716)	-
Premium on sale of bonds	-	3,977,501	3,977,501	-
Refunding bonds issued	-	35,957,290	35,957,290	-
Payment to escrow agent	-	(39,934,791)	(39,934,791)	-
Total other financing sources (uses)	(366,127,060)	(314,484,557)	(314,484,557)	-
Excess of revenues and other sources over (under) expenditures and other uses	(78,044,354)	(52,124,133)	6,798,041	58,922,174
Fund balance, July 1	123,639,471	123,639,471	123,639,471	-
Fund balance, June 30	$ 45,595,117	$ 71,515,338	$ 130,437,512	$ 58,922,174

See Independent Auditor's Report. The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
TRANSPORTATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Taxes	$ 160,500,000	$ 160,000,000	$ 162,739,452	$ 2,739,452
Motor vehicle fees	80,200,000	80,400,000	80,110,030	(289,970)
Federal	407,147,672	412,017,937	337,130,049	(74,887,888)
Other	41,700,000	39,500,000	43,291,458	3,791,458
Total revenues	689,547,672	691,917,937	623,270,989	(68,646,948)
Expenditures				
General Government				
Agency of Administration	5,983,398	3,983,402	3,906,562	(76,840)
Protection to Persons and Property				
Department of Public Safety	22,750,000	23,171,186	23,171,186	-
Transportation				
Agency of Transportation	661,606,300	687,720,468	587,687,224	(100,033,244)
Total expenditures	690,339,698	714,875,056	614,764,972	(100,110,084)
Excess of revenues over (under) expenditures	(792,026)	(22,957,119)	8,506,017	31,463,136
Other financing sources (uses)				
Transfers out	(7,273,668)	(6,525,842)	(6,525,842)	-
Total other financing sources (uses)	(7,273,668)	(6,525,842)	(6,525,842)	-
Excess of revenues and other sources over (under) expenditures and other uses	(8,065,694)	(29,482,961)	1,980,175	31,463,136
Fund balance, July 1	17,975,110	17,975,110	17,975,110	-
Fund balance (deficit), June 30	$ 9,909,416	$ (11,507,851)	$ 19,955,285	$ 31,463,136

See Independent Auditor's Report. The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Taxes	$ 1,184,661,168	$ 1,186,261,168	$ 1,187,165,294	$ 904,126
Interest and premiums	100,000	100,000	78,960	(21,040)
Total revenues	1,184,761,168	1,186,361,168	1,187,244,254	883,086
Expenditures				
General Government				
Grand List	3,275,000	3,457,989	3,281,110	(176,879)
Renter Rebates	4,830,000	6,582,270	4,473,125	(2,109,145)
Human Services				
Agency of Human Services	3,804,425	3,882,525	3,880,355	(2,170)
General Education				
Agency of Education	1,500,634,843	1,510,751,201	1,488,146,817	(22,604,384)
Total expenditures	1,512,544,268	1,524,673,985	1,499,781,407	(24,892,578)
Excess of revenues over (under) expenditures	(327,783,100)	(338,312,817)	(312,537,153)	25,775,664
Other financing sources (uses)				
Transfers in	328,003,422	328,003,422	328,003,422	-
Total other financing sources (uses)	328,003,422	328,003,422	328,003,422	-
Excess of revenues and other sources over (under) expenditures and other uses	220,322	(10,309,395)	15,466,269	25,775,664
Fund balance, July 1	56,601,527	56,601,527	56,601,527	-
Fund balance, June 30	$ 56,821,849	$ 46,292,132	$ 72,067,796	$ 25,775,664

See Independent Auditor's Report. The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
SPECIAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Special Fund Revenues	$ 287,181,634	$ 404,618,075	$ 334,870,195	$ (69,747,880)
Total revenues	287,181,634	404,618,075	334,870,195	(69,747,880)
Expenditures				
General Government				
Agency of Administration	17,104,537	65,797,114	52,326,968	(13,470,146)
Executive Office	186,500	648,415	536,542	(111,873)
Joint Fiscal Office	-	75,000	75,000	-
Auditor of Accounts	53,145	53,145	53,145	-
State Treasurer	2,325,242	2,592,952	2,492,716	(100,236)
State Labor Relations Board	9,576	9,576	2,814	(6,762)
VOSHA Review Board	24,605	41,576	31,525	(10,051)
Unorganized Towns and Gores	-	500,000	390,467	(109,533)
Protection to Persons and Property				
Attorney General	3,852,051	6,119,585	5,284,809	(834,776)
Defender General	638,552	644,569	643,834	(735)
Judiciary	4,980,068	5,187,921	4,729,444	(458,477)
State's Attorneys and Sheriffs	2,488,138	2,798,251	2,519,123	(279,128)
Department of Public Safety	15,750,807	19,173,249	16,804,659	(2,368,590)
Military Department	215,000	566,548	498,823	(67,725)
Center Crime Victim Services	4,875,409	5,253,835	4,784,890	(468,945)
Criminal Justice Training Council	241,581	241,581	120,330	(121,251)
Agency of Agriculture, Food and Markets	7,620,421	10,006,757	8,521,522	(1,485,235)
Department of Financial Regulation	14,264,226	14,920,226	14,027,998	(892,228)
Secretary of State	7,970,931	8,433,222	8,312,756	(120,466)
Public Service Department	18,684,328	19,234,328	9,359,445	(9,874,883)
Public Service Board	3,399,076	3,399,076	2,954,962	(444,114)
Enhanced 911 Board	4,604,830	5,862,322	5,195,663	(666,659)
Human Rights Commission	-	2,890	2,890	-
Department of Liquor Control	116,225	402,895	166,141	(236,754)
Human Services				
Agency of Human Services	110,723,283	119,878,811	102,982,714	(16,896,097)
Green Mountain Care Board	5,039,672	5,039,672	3,654,839	(1,384,833)
Governor's Commission on Women	5,000	5,000	-	(5,000)
Human Services Board	315,259	242,501	65,066	(177,435)
Vermont Veterans Home	10,360,890	7,953,970	7,511,393	(442,577)
Labor				
Department of Labor	5,604,795	5,614,795	5,130,528	(484,267)
General Education				
Agency of Education	21,729,183	23,394,378	15,847,543	(7,546,835)
State Teachers' Retirement	2,500,000	2,500,000	2,500,000	-
Higher Education	1,294,500	1,294,500	1,294,500	-

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STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
SPECIAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Expenditures				
Natural Resources				
Agency of Natural Resources	41,396,412	46,688,833	37,742,553	(8,946,280)
Natural Resources Board	2,016,988	2,232,198	2,219,530	(12,668)
Commerce and Community Development				
Agency of Commerce and Community Development	8,878,504	11,195,098	6,189,011	(5,006,087)
Cultural Development	-	18,000	18,000	-
Transportation				
Agency of Transportation	3,957,222	5,530,945	2,642,346	(2,888,599)
Total expenditures	323,226,956	403,553,734	327,634,489	(75,919,245)
Excess of revenues over expenditures	(36,045,322)	1,064,341	7,235,706	6,171,365
Other Financing Sources (Uses)				
Proceeds on sale of refunding bonds	-	247,710	247,710	-
Transfers in	49,225,517	49,275,517	49,275,517	-
Transfers out	(13,180,195)	(50,339,858)	(50,339,858)	-
Total other financing sources (uses)	36,045,322	(816,631)	(816,631)	-
Excess of revenues and other sources over (under) expenditures and other uses	-	247,710	6,419,075	6,171,365
Fund balance, July 1	137,207,228	137,207,228	137,207,228	-
Fund balance, June 30	$ 137,207,228	$ 137,454,938	$ 143,626,303	$ 6,171,365

See Independent Auditor's Report. The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
FEDERAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Federal	$ 1,562,935,836	$ 1,746,191,873	$ 1,634,810,008	$ (111,381,865)
Interest and premiums	-	14,415	14,415	-
Total revenues	1,562,935,836	1,746,206,288	1,634,824,423	(111,381,865)
Expenditures				
General Government				
Agency of Administration	926,413	926,413	880,210	(46,203)
State Treasurer	-	291,059	291,059	-
Protection to Persons and Property				
Attorney General	816,644	816,819	693,850	(122,969)
Judiciary	858,811	858,811	564,176	(294,635)
State's Attorneys and Sheriffs	31,000	31,000	10,993	(20,007)
Department of Public Safety	26,321,613	31,876,802	30,239,251	(1,637,551)
Military Department	18,671,702	20,973,969	19,979,335	(994,634)
Center Crime Victim Services	3,871,996	4,096,212	3,840,825	(255,387)
Agency of Agriculture, Food and Markets	2,674,901	2,889,773	2,423,726	(466,047)
Department of Financial Regulation	1,369,989	1,369,989	332,147	(1,037,842)
Secretary of State	2,310,200	2,310,200	1,588,780	(721,420)
Public Service Department	712,951	1,269,555	1,101,993	(167,562)
Human Rights Commission	73,305	73,305	67,122	(6,183)
Department of Liquor Control	254,841	254,841	152,442	(102,399)
Human Services				
Agency of Human Services	1,283,670,570	1,383,532,531	1,308,625,185	(74,907,346)
Green Mountain Care Board	-	1,265,952	1,213,630	(52,322)
Human Services Board	388,686	315,928	260,202	(55,726)
Vermont Veterans' Home	7,914,366	7,223,866	7,209,780	(14,086)
Labor				
Department of Labor	23,902,400	24,042,293	23,256,090	(786,203)
General Education				
Agency of Education	134,827,865	135,038,797	117,436,016	(17,602,781)
Natural Resources				
Agency of Natural Resources	14,379,942	31,534,979	27,463,884	(4,071,095)
Commerce and Community Development				
Agency of Commerce and Community Development	18,691,712	64,566,774	14,318,345	(50,248,429)
Total expenditures	1,542,669,907	1,715,559,868	1,561,949,041	(153,610,827)
Excess of revenues over expenditures	20,265,929	30,646,420	72,875,382	42,228,962
Other Financing Sources (Uses)				
Transfers out	(20,265,929)	(30,632,005)	(30,632,005)	-
Total other financing sources (uses)	(20,265,929)	(30,632,005)	(30,632,005)	-
Excess of revenues and other sources over (under) expenditures and other uses	-	14,415	42,243,377	42,228,962
Fund balance, July 1	63,660,155	63,660,155	63,660,155	-
Fund balance, June 30	$ 63,660,155	$ 63,674,570	$ 105,903,532	42,228,962

See Independent Auditor's Report. The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
GLOBAL COMMITMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Global Commitment Premiums	$ 1,275,200,000	$ 1,323,300,000	$ 1,442,943,945	$ 119,643,945
Total revenues	1,275,200,000	1,323,300,000	1,442,943,945	119,643,945
Expenditures				
General Government				
Agency of Administration	-	639,516	639,240	(276)
Protection to Persons and Property				
Agency of Agriculture, Food & Markets	90,278	90,278	90,278	-
Human Services				
Agency of Human Services	1,266,683,769	1,408,468,489	1,392,076,424	(16,392,065)
Green Mountain Care Board	2,626,782	2,626,782	2,517,516	(109,266)
Vermont Veterans' Home	410,986	410,986	410,986	-
General Education				
Higher Education	4,455,678	4,455,678	4,455,678	-
Agency of Education	892,195	892,195	859,264	(32,931)
Total expenditures	1,275,159,688	1,417,583,924	1,401,049,386	(16,534,538)
Excess of revenues over (under) expenditures	40,312	(94,283,924)	41,894,559	136,178,483
Other financing sources (uses)				
Transfers out	(23,782,889)	(23,782,889)	(23,782,889)	-
Total other financing sources (uses)	(23,782,889)	(23,782,889)	(23,782,889)	-
Excess of revenues and other sources over (under) expenditures and other uses	(23,742,577)	(118,066,813)	18,111,670	136,178,483
Fund balance, July 1	29,458,117	29,458,117	29,458,117	-
Fund balance (deficit), June 30	$ 5,715,540	$ (88,608,696)	$ 47,569,787	$ 136,178,483

See Independent Auditor's Report. The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
AMERICAN RECOVERY AND REINVESTMENT ACT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Federal	$ 1,398,101	$ 4,300,765	$ 2,724,842	$ (1,575,923)
Interest and principal	-	21,041	21,041	-
Other	-	613,609	613,609	-
Total revenues	1,398,101	4,935,415	3,359,492	(1,575,923)
Expenditures				
Protection to Persons and Property				
Public Service Department	238,000	1,483,349	50,981	(1,432,368)
Public Service Board	-	5,793	5,793	-
Human Services				
Agency of Human Services	-	1,636,422	1,475,380	(161,042)
Transportation				
Agency of Transportation	-	15,100	2,585	(12,515)
Total expenditures	238,000	3,140,664	1,534,739	(1,605,925)
Excess of revenues over expenditures	1,160,101	1,794,751	1,824,753	30,002
Other financing sources (uses)				
Transfers out	(1,160,101)	(1,160,101)	(1,160,101)	-
Total other financing sources (uses)	(1,160,101)	(1,160,101)	(1,160,101)	-
Excess of revenues and other sources over (under) expenditures and other uses	-	634,650	664,652	30,002
Fund balance, July 1	926,129	926,129	926,129	-
Fund balance, June 30	$ 926,129	$ 1,560,779	$ 1,590,781	$ 30,002

See Independent Auditor's Report. The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
STATE HEALTH CARE RESOURCES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
State Health Care Resources Fund Revenues	$ 264,000,000	$ 265,000,000	$ 269,614,361	$ 4,614,361
Total revenues	264,000,000	265,000,000	269,614,361	4,614,361
Expenditures				
Human Services				
Agency of Human Services	268,592,899	263,653,795	263,070,807	(582,988)
Total expenditures	268,592,899	263,653,795	263,070,807	(582,988)
Excess of revenues and other sources over (under) expenditures and other uses	(4,592,899)	1,346,205	6,543,554	5,197,349
Fund balance, July 1	1,267,483	1,267,483	1,267,483	-
Fund balance, June 30	$ (3,325,416)	$ 2,613,688	$ 7,811,037	$ 5,197,349

See Independent Auditor's Report. The accompanying notes are an integral part of the required supplementary information.

STATE OF VERMONT
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE
TOBACCO TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	Original Budget	Final Budget	Actual (Budgetary Basis)	Over (Under)
Revenues				
Tobacco Trust Funds Revenue	$ 38,853,197	$ 38,859,532	$ 33,611,464	$ (5,248,068)
Total revenues	38,853,197	38,859,532	33,611,464	(5,248,068)
Expenditures				
Protection to Persons and Property				
Attorney General	725,000	728,635	400,453	(328,182)
Judiciary	39,871	39,871	39,871	-
Department of Liquor Control	218,444	218,444	218,444	-
Human Services				
Agency of Human Services	37,103,341	37,103,341	37,103,341	-
General Education				
Agency of Education	766,541	769,241	672,944	(96,297)
Total expenditures	38,853,197	38,859,532	38,435,053	(424,479)
Excess of revenues and other sources over (under) expenditures and other uses	-	-	(4,823,589)	(4,823,589)
Fund balance, July 1	5,152,629	5,152,629	5,152,629	-
Fund balance, June 30	$ 5,152,629	$ 5,152,629	$ 329,040	$ (4,823,589)

See Independent Auditor's Report. The accompanying notes are an integral part of the required supplementary information.

Note to the Required Supplementary Information—Budgetary Reporting
(unaudited)

Budgetary Comparison Schedules

The budgetary schedules provide a comparison of the original and final adopted budget with actual data on a budgetary basis for the Governmental Funds. The State compiles a separate legal basis budgetary report, which shows the legal compliance with the budget. Budgetary comparison schedules showing legal level detail may be obtained by contacting the State of Vermont, Department of Finance and Management, 109 State Street, 5th Floor, Pavilion Building, Montpelier, Vermont 05609-0401.

Budgetary Process

Vermont statutes require the head of every State department, board, and commission and any officer or individual responsible for any activity for which funds are appropriated by the Vermont Legislature to provide, on or before September 1 preceding any biennium, statements to the Commissioner of Finance and Management showing in detail the amounts appropriated and expended for both the current and preceding fiscal years and the amount estimated to be necessary for similar activity for the ensuing two fiscal years. The Commissioner of Finance and Management and the Secretary of Administration are then required to submit to the Governor by November 15 preceding each biennium, the estimates as received along with any other estimates for the ensuing two fiscal years. The Governor then submits to the Vermont Legislature, no later than the third Tuesday of every annual session, a budget that embodies estimates, requests, and recommendations for appropriations or other authorizations for expenditures from the State treasury for at least the succeeding fiscal year. The Vermont Legislature then enacts into law an appropriations act that must be approved by the Governor before expenditures can be made. In recent years in accordance with Act 250 of 1979 Section 125, it has been the practice of the Governor to submit an annual budget and the Vermont Legislature to enact appropriations on an annual basis.

Budgets are prepared and appropriated on a cash basis and usually at the program level. The Governor may amend appropriations or transfer appropriations within limits established by 32 V.S.A. Chapter 9. The Agency of Administration maintains budgetary control by fund at the appropriation level. Governmental funds' unspent appropriation balances revert to the fund balance at the end of each fiscal year for re-appropriation unless authorized to be carried forward to the following year(s) by legislative act. Unexpended balances of capital projects funds are available for expenditure in the following fiscal year(s).

Budgetary Funds

Vermont's annual Appropriation Act, the State's legally adopted budget, does not present budgets using the same fund structure as what is used for reporting in accordance with accounting principles generally accepted in the United States of America (GAAP). The GAAP basis Special Fund is represented in the Appropriation Act as program-level budgets for the Special, State Health Care Resources, and Tobacco Trust Funds. These funds are presented separately in the accompanying schedules. The budgetary basis American Recovery and Reinvestment Act Fund includes certain portions of the GAAP basis Transportation and Federal Revenue Funds. These funds are presented on a budgetary basis in the accompanying schedules.

Revenue Estimates

By July 31 each year, the Joint Fiscal Office and the Secretary of Administration provide to the Emergency Board their respective estimates of State revenues in the General, Transportation, Education, State Health Care Resources, and Global Commitment Funds. The Emergency Board then has 10 days to determine the original revenue estimates for the fiscal year. For the Special, Federal Revenue, and American Recovery and Reinvestment Act Funds, the original budget for revenues is based on the amount appropriated for expenditures. By January 15, the Joint Fiscal Office and the Secretary of Administration provide to the Emergency Board their respective estimates of State revenues and the Emergency Board determines any revision to the July revenue estimates.

Expenditure and Transfer Budgets

The original budgets for expenditures and transfers are determined by the Legislature through the passage of the annual Appropriation Act. The Commissioner of Finance and Management (with approval from the Governor) may transfer balances of appropriations not to exceed $50,000 made under any appropriation act for the support of the government from one component of an agency, department, or other unit of State government, to any component of the same agency, department, or unit; and may transfer balances of

appropriations made under any appropriation act from one department or unit of the agency of transportation to another department or unit of the agency of transportation for the specific purpose of funding authorized transportation projects which have been approved by the federal government for advance construction in which the expenditure of State funds will be reimbursed by federal funds when the federal funds become available, and the transfer is limited to funds which have been approved for reimbursement. If any receipts including federal receipts exceed the appropriated amounts, the receipts may be allocated and expended, subject to the approval of the Secretary of Administration. If, however, the expenditure of those receipts will establish or increase the scope of the program, which establishment or increase will at any time commit the State to the expenditure of State funds, they may be expended only upon the approval of the Legislature. The full faith and credit of the State has been pledged to support various programs. Any payments that are required to be made by the Treasurer are paid in accordance with Vermont Statutes and do not require an appropriation by the Legislature.

Budget and GAAP Basis Reporting

The accompanying budgetary comparison schedules report the actual revenues, expenditures and other financing sources (uses) on a budget basis, which differs significantly from GAAP. These different accounting principles result in basis, perspective, and entity differences in the fund balance—budgetary basis. *Basis differences* arise because the basis of budgeting (cash basis) differs from the GAAP basis used to prepare the statement of revenues, expenditures, and changes in fund balances—governmental funds. *Perspective differences* result because the Appropriation Act's program-oriented structure differs from the fund structure required for GAAP. *Entity differences* arise because certain activity reported within the State's financial reporting entity for GAAP purposes is excluded from the Appropriation Act. The following presents a reconciliation of the budgetary basis and GAAP basis fund balances for the funds reported in the accompanying schedules for the fiscal year ended June 30, 2015:

	General Fund	Transportation Fund	Education Fund	Federal Revenue Fund	Global Commitment Fund	ARRA Fund
Fund Balance - Budgetary Basis	$ 130,437,512	$ 19,955,285	$ 72,067,796	$ 105,903,532	$ 47,569,787	$ 1,590,781
Basis differences						
Cash not in budget balances	(152,980)	(72,614)	121,908	(1,290,870)	(32,267)	1,290,665
Taxes receivable	214,494,630	9,025,721	17,428,882	-	-	-
Notes and loans receivable	440,999	-	-	(1,551,200)	-	1,551,200
Other receivables	7,816,155	7,894,050	12	(62,773,173)	31,866,307	-
Interest receivable	130,765	-	-	(955)	-	955
Due from other funds	1,114,501	7,756	-	3,831,007	96,833,689	-
Due from federal government	-	38,409,371	-	133,864,958	121,276,173	-
Due from component units	5,701,485	-	-	-	-	-
Accounts payable	(13,327,620)	(38,409,848)	(11,753,562)	(73,223,006)	(167,824,738)	-
Accrued liabilities	(13,527,258)	(6,521,204)	(212,433)	(7,290,487)	(4,176,332)	-
Retainage payable	(277,973)	(95,038)	-	(740,221)	(571,452)	-
Unearned revenue	-	(80,769)	-	(183,457)	(313,204)	-
Tax refunds payable	(22,190,272)	-	(57,198)	-	-	-
Intergovernment payables	-	-	-	(4,604,005)	-	-
Due to other funds	(52,259,292)	(343,127)	(34,884)	(3,269,080)	(7,663,987)	-
Unavailable revenue	(125,361,009)	(6,243,083)	(3,802,235)	(10,942)	(2,834,292)	-
Entity differences						
Blended non-budgeted funds	-	3,688,701	-	339,171,635	-	-
Perspective differences						
Component unit included in budgeted funds	-	-	-	3,903,896	-	-
Budgeted funds reclassified to GAAP basis major governmental fund	-	(11,668)	-	4,445,269	-	(4,433,601)
Fund Balance - GAAP Basis	$ 133,039,643	$ 27,203,533	$ 73,758,286	$ 436,182,901	$ 114,129,684	$ -

	Budget Basis Funds			GAAP Basis
	Special Fund	State Health Care Resource Fund	Tobacco Trust Fund	Special Fund
Fund Balance - Budgetary Basis	$ 143,626,303	$ 7,811,037	$ 329,040	$ -
Basis differences				
Cash not in budget balances	2,526,432	46,983	-	2,573,415
Preferred stock investment	100,000	-	-	100,000
Taxes receivable	2,939,937	1,908,426	-	4,848,363
Notes and loans receivable	1,318,519	-	-	1,318,519
Other receivables	13,282,533	-	-	13,282,533
Due from other funds	4,427,706	17	15,357	4,443,080
Accounts payable	(15,216,431)	(224)	(244,001)	(15,460,656)
Accrued liabilities	(4,034,239)	-	(21,797)	(4,056,036)
Retainage payable	(116,449)	-	-	(116,449)
Unearned revenue	(367,947)	-	-	(367,947)
Tax refunds payable	(10,047)	(3,186)	-	(13,233)
Due to other funds	(25,212,935)	(43,603,618)	(4,530,861)	(73,347,414)
Unavailable revenue	(13,952,070)	(442,960)	-	(14,395,030)
Entity differences				
Blended non-budgeted funds	11,736,730	-	-	11,736,730
Perspective differences				
Component unit included in budgeted funds	(2,673,796)	-	-	(2,673,796)
Budgeted funds reclassified to GAAP basis major governmental fund	(118,374,246)	34,283,525	4,452,262	151,766,380
Fund Balance - GAAP Basis	$ -	$ -	$ -	$ 79,638,459

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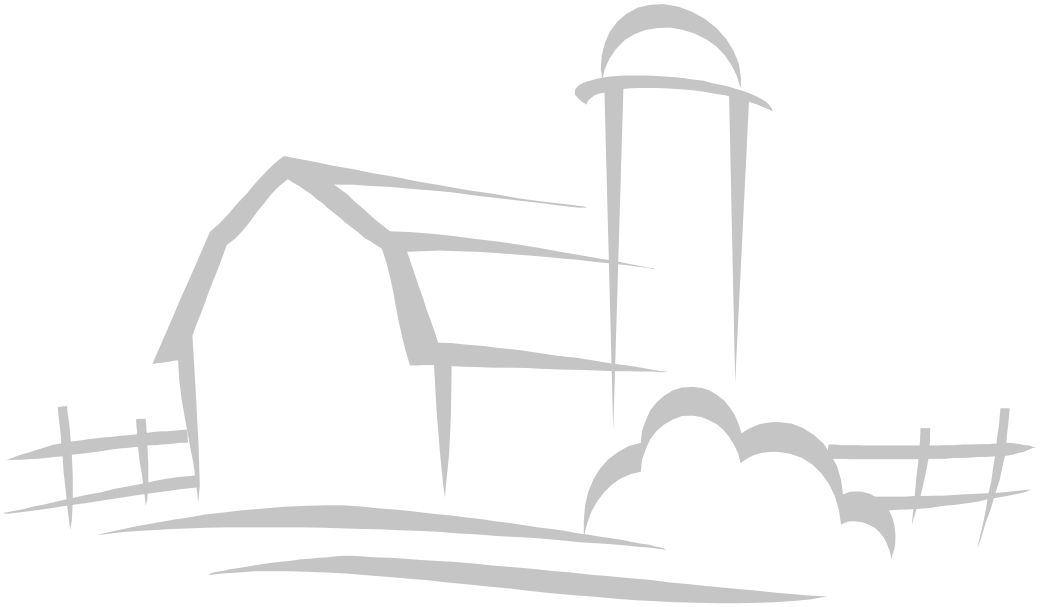

Vermont

Other Supplementary Information

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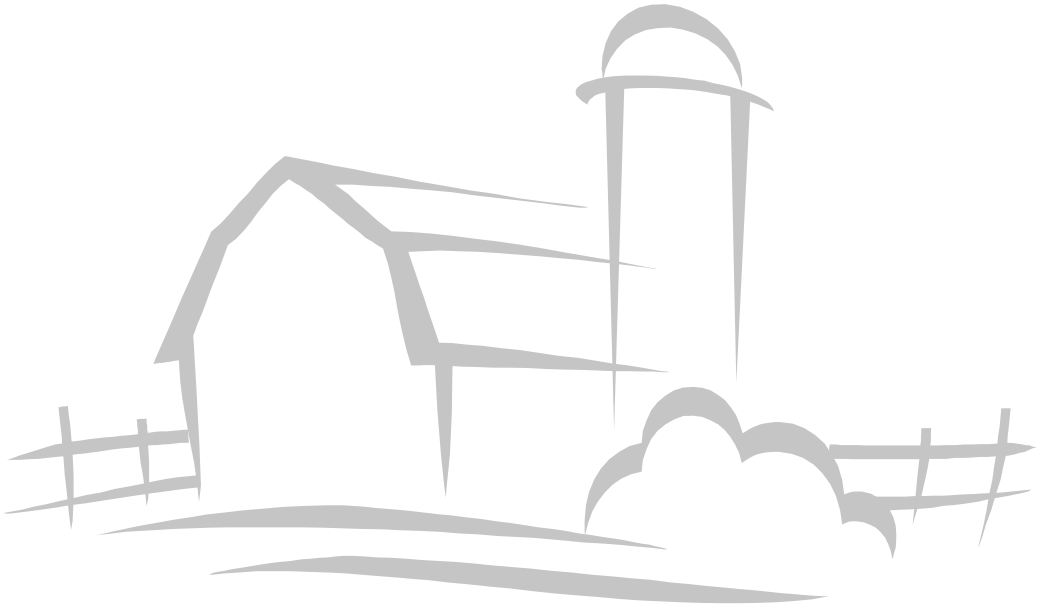

Vermont

COMBINING FINANCIAL STATEMENTS

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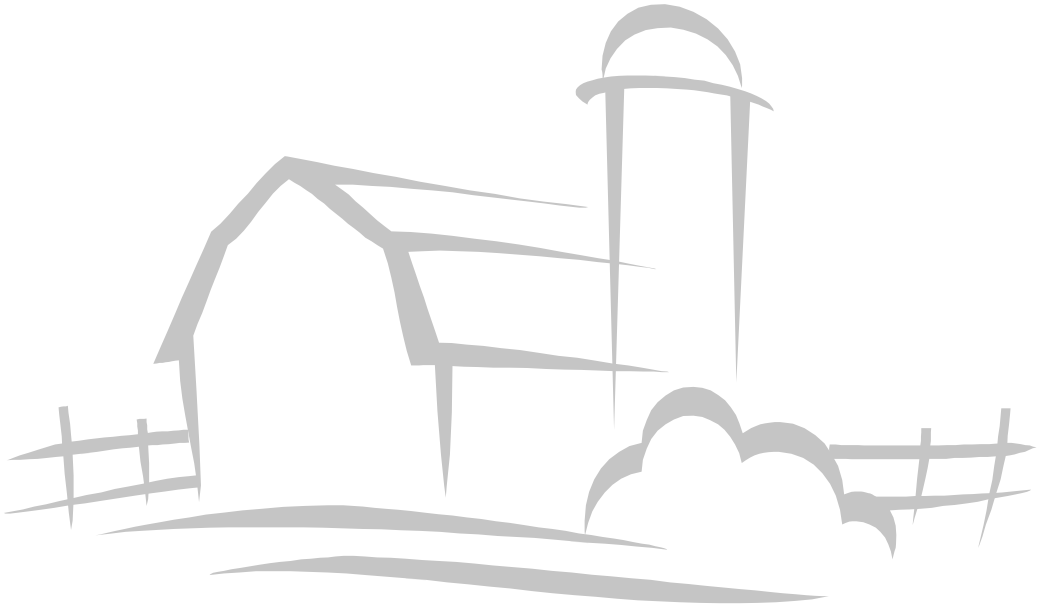

Vermont

Fish & Wildlife Fund – This fund is used to account for the activities of the Fish and Wildlife Department. The Fish and Wildlife Department's mission is to protect and conserve the State's fish, wildlife, plants and their habitats for the people of Vermont.

General Obligation Bond Projects Fund – This fund accounts for general capital improvement expenditures funded by the issuance of State general obligation bonds.

Transportation Infrastructure Bond Projects Fund – This fund accounts for transportation capital improvement expenditures funded by the issuance of transportation infrastructure special obligation bonds.

General Obligation Debt Service Fund—This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for general obligation bond principal and interest.

Transportation Infrastructure Debt Service Fund—This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for transportation infrastructure special obligation bond principal and interest.

Higher Education Endowment Fund – This is a permanent fund whose revenue is used by the University of Vermont and Vermont State Colleges to provide non loan financial assistance to Vermont students attending their institutions and by the Vermont Student Assistance Corporation to provide non loan financial assistance to Vermont students attending a Vermont postsecondary institution.

Vermont Sanitorium Fund – This is a permanent fund whose income is to be used for the treatment and cure of respiratory diseases.

Albert C. Lord Trust Fund – This is a permanent fund whose income is to be used for demonstrations, lectures and instruction in the care of woodlots and restoration.

Lumberjack Fund – This is a permanent fund whose income is to strengthen annual workshops for educators interested in enhancing classroom skills in the area of fish and wildlife management.

Couching Lion Farm Cemetery Fund – This is a permanent fund whose income is to be used to provide for the care of a private cemetery in Camel's Hump State Park.

Carrie P. Underwood Fund – This is a permanent fund whose income is to used to provide aid to poor libraries and to otherwise promote the library interests of the State.

Laura H. Morgan Fund— This is a permanent fund whose income is to be used to benefit the Brandon Training School.

Bennington Battle Monument Fund – This is a permanent fund whose revenue is to be used to repair and maintain the Bennington Battle Monument.

Zenus H. Ellis Fund – This is a permanent fund whose income is to be used to maintain the iron fence and flagpole at the Hubbardton battlefield.

STATE OF VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue	Capital Projects	
	Fish & Wildlife Fund	General Obligation Bond Projects Fund	Transportation Infrastructure Bond Projects Fund
ASSETS			
Cash and cash equivalents	$ 3,743,867	$ 36,612,698	$ 2,967,433
Investments	6,082,001	-	-
Receivables			
Taxes receivable	78,111	-	-
Other receivables	141,102	-	-
Intergovernmental receivables - federal government	1,634,484	-	-
Due from other funds	29,927	-	-
Total assets	$ 11,709,492	$ 36,612,698	$ 2,967,433
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
LIABILITIES			
Accounts payable	$ 1,210,581	$ 8,322,110	$ 185,014
Accrued liabilities	735,920	123,997	-
Retainage payable	22,367	5,625,132	-
Due to other funds	124,459	341,992	241
Total liabilities	2,093,327	14,413,231	185,255
DEFERRED INFLOW OF RESOURCES			
Unavailable revenue	2,398	-	-
Total deferred inflow of resources	2,398	-	-
FUND BALANCES			
Nonspendable			
Permanent Fund principal	-	-	-
Restricted	-	22,199,467	2,782,178
Committed	9,613,767	-	-
Total fund balances	9,613,767	22,199,467	2,782,178
Total liabilities, deferred inflows and fund balances	$ 11,709,492	$ 36,612,698	$ 2,967,433

See Independent Auditors' Report.

Debt Service		Permanent Funds		
General Obligation Debt Service Fund	Transportation Infrastructure Debt Service Fund	Higher Education Endowment Fund	Vermont Sanitorium Fund	Albert C. Lord Trust Fund
$ 632	$ 3,213,302	$ 54,006	$ 52,344	$ 177,170
-	-	30,888,836	232,869	206,610
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
$ 632	$ 3,213,302	$ 30,942,842	$ 285,213	$ 383,780
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	7,000,000	206,502	183,217
-	3,213,302	-	78,711	200,563
632	-	23,942,842	-	-
632	3,213,302	30,942,842	285,213	383,780
$ 632	$ 3,213,302	$ 30,942,842	$ 285,213	$ 383,780

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STATE OF VERMONT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Permanent Funds		
	Lumberjack Fund	**Couching Lion Farm Cemetery Fund**	**Carrie P. Underwood Fund**
ASSETS			
Cash and cash equivalents	$ 20,142	$ 21,705	$ 13,161
Investments	10,295	2,176	12,529
Receivables			
Taxes receivable	-	-	-
Other receivables	-	-	-
Intergovernmental receivables - federal government	-	-	-
Due from other funds	-	-	-
Total assets	$ 30,437	$ 23,881	$ 25,690
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
LIABILITIES			
Accounts payable	$ -	$ -	$ -
Accrued liabilities	-	-	-
Retainage payable	-	-	-
Due to other funds	-	-	-
Total liabilities	-	-	-
DEFERRED INFLOW OF RESOURCES			
Unavailable revenue	-	-	-
Total deferred inflow of resources	-	-	-
FUND BALANCES			
Nonspendable			
Permanent Fund principal	9,129	1,930	11,110
Restricted	21,308	21,951	14,580
Committed	-	-	-
Total fund balances	30,437	23,881	25,690
Total liabilities, deferred inflows and fund balances	$ 30,437	$ 23,881	$ 25,690

See Independent Auditors' Report.

Permanent Funds			
Laura H. Morgan Fund	Bennington Battle Monument Fund	Zenus H. Ellis Fund	Total Non-major Governmental Funds
$ 2,436	$ -	$ -	$ 46,878,896
2,820	2,891	2,706	37,443,733
-	-	-	78,111
-	-	-	141,102
-	-	-	1,634,484
-	-	-	29,927
$ 5,256	$ 2,891	$ 2,706	$ 86,206,253
$ -	$ -	$ -	$ 9,717,705
-	-	-	859,917
-	-	-	5,647,499
-	-	-	466,692
-	-	-	16,691,813
-	-	-	2,398
-	-	-	2,398
2,500	1,065	1,000	7,416,453
2,756	1,826	1,706	28,538,348
-	-	-	33,557,241
5,256	2,891	2,706	69,512,042
$ 5,256	$ 2,891	$ 2,706	$ 86,206,253

STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Special Revenue	Capital Projects	
	Fish & Wildlife Fund	General Obligation Bond Projects Fund	Transportation Infrastructure Bond Projects Fund
REVENUES			
Taxes			
Motor fuels tax	$ 847,082	$ -	$ -
Earnings of departments			
Fees	213,778	-	-
Rents and leases	51,965	-	-
Federal grants	7,641,782	-	-
Fines, forfeits and penalties	14,386	-	-
Investment income	113,422	-	258
Licenses			
Business	830	-	-
Non-business	7,426,412	-	-
Other revenues	714,031	2,525,000	-
Total revenues	17,023,688	2,525,000	258
EXPENDITURES			
General government	-	55,087,690	-
Protection to persons and property	-	3,325,706	-
Human services	-	3,740,163	-
General education	-	13,116,360	-
Natural resources	17,429,315	7,339,204	-
Commerce and community development	-	2,153,673	-
Transportation	-	-	5,122,234
Capital outlay	-	-	-
Debt service	-	-	-
Total expenditures	17,429,315	84,762,796	5,122,234
Excess of revenues over (under) expenditures	(405,627)	(82,237,796)	(5,121,976)
OTHER FINANCING SOURCES (USES)			
Proceeds from the sale of bonds	-	73,555,000	-
Premium on sale of bonds	-	11,559,096	-
Transfers in	376,091	702,342	-
Transfers out	(1)	(6,129,284)	-
Total other financing sources (uses)	376,090	79,687,154	-
Net change in fund balances	(29,537)	(2,550,642)	(5,121,976)
Fund balances, July 1	9,643,304	24,750,109	7,904,154
Fund balances, June 30	$ 9,613,767	$ 22,199,467	$ 2,782,178

See Independent Auditors' Report.

Debt Service		Permanent Funds		
General Obligation Debt Service Fund	Transportation Infrastructure Bonds Debt Service Fund	Higher Education Endowment Fund	Vermont Sanitorium Fund	Albert C. Lord Trust Fund
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	543,154	4,096	3,771
-	-	-	-	-
-	-	-	-	-
-	-	54,006	-	-
-	-	597,160	4,096	3,771
-	-	-	-	-
-	-	-	-	-
-	-	-	25,000	-
-	-	1,507,299	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
68,451,455	2,502,312	-	-	-
68,451,455	2,502,312	1,507,299	25,000	-
(68,451,455)	(2,502,312)	(910,139)	(20,904)	3,771
-	-	-	-	-
-	-	-	-	-
68,452,081	2,504,913	251,445	-	-
-	-	-	-	-
68,452,081	2,504,913	251,445	-	-
626	2,601	(658,694)	(20,904)	3,771
6	3,210,701	31,601,536	306,117	380,009
$ 632	$ 3,213,302	$ 30,942,842	$ 285,213	$ 383,780

continued on next page

NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Permanent Funds		
	Lumberjack Fund	**Couching Lion Farm Cemetery Fund**	**Carrie P. Underwood Fund**
REVENUES			
Taxes			
Motor fuels tax	$ -	$ -	$ -
Earnings of departments			
Fees	-	-	-
Rents and leases	-	-	-
Federal grants	-	-	-
Fines, forfeits and penalties	-	-	-
Investment income	202	65	232
Licenses			
Business	-	-	-
Non-business	-	-	-
Other revenues	-	-	-
Total revenues	202	65	232
EXPENDITURES			
General government	-	-	-
Protection to persons and property	-	-	-
Human services	-	-	-
General education	-	-	-
Natural resources	-	-	-
Commerce and community development	-	-	-
Transportation	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
Total expenditures	-	-	-
Excess of revenues over (under) expenditures	202	65	232
OTHER FINANCING SOURCES (USES)			
Proceeds from the sale of bonds	-	-	-
Premium on sale of bonds	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources	-	-	-
Net change in fund balances	202	65	232
Fund balances, July 1	30,235	23,816	25,458
Fund balance, June 30	$ 30,437	$ 23,881	$ 25,690

See Independent Auditors' Report.

Permanent Funds				
Laura H. Morgan Fund	Bennington Battle Monument Fund	Zenus H. Ellis Fund	Reclassification of Capital Outlays	Total Non-major Governmental Funds
$ -	$ -	$ -	$ -	$ 847,082
-	-	-	-	213,778
-	-	-	-	51,965
-	-	-	-	7,641,782
-	-	-	-	14,386
52	51	49	-	665,352
-	-	-	-	830
-	-	-	-	7,426,412
-	-	-	-	3,293,037
52	51	49	-	20,154,624
-	-	-	(55,087,690)	-
-	-	-	(3,325,706)	-
-	-	-	(3,740,163)	25,000
-	-	-	(13,116,360)	1,507,299
-	-	-	(7,339,204)	17,429,315
-	-	-	(2,153,673)	-
-	-	-	(5,122,234)	-
-	-	-	89,885,030	89,885,030
-	-	-	-	70,953,767
-	-	-	-	179,800,411
52	51	49	-	(159,645,787)
-	-	-	-	73,555,000
-	-	-	-	11,559,096
-	-	-	-	72,286,872
-	-	-	-	(6,129,285)
-	-	-	-	151,271,683
52	51	49	-	(8,374,104)
5,204	2,840	2,657	-	77,886,146
$ 5,256	$ 2,891	$ 2,706	$ -	$ 69,512,042

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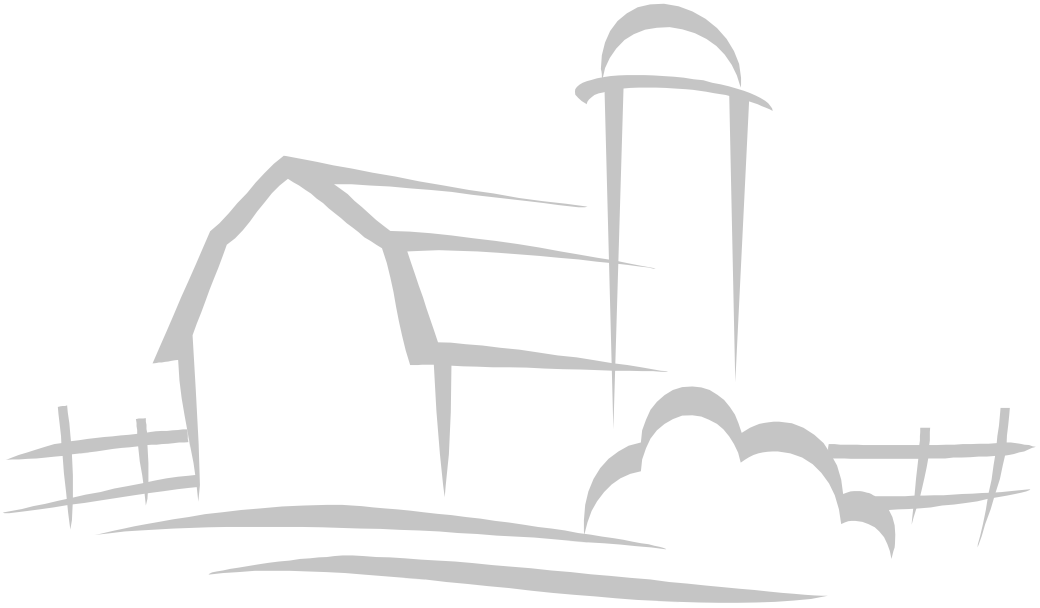

Vermont

Industrial Homework Office Fund – This fund is used to account for a program that arranges industrial work for blind and otherwise handicapped citizens at their home of a subcontract nature.

Federal Surplus Property Fund – This fund is used to account for a program that acquires and distributes surplus property from various military and federal sources. Public entities (towns, schools, districts, volunteer fire departments, etc) and non-profit organizations conducting educational and health care programs may apply for eligibility.

Vermont Life Magazine Fund – This fund is used to account for the activities of the Vermont Life Magazine. *Vermont Life* is a quarterly magazine published by the State of Vermont. It explores and celebrates the State's people, places and rich heritage.

Municipal Equipment Loan Fund – This fund is used to account for a program that was created for the purpose of providing loans on favorable terms to municipalities for the purchase of construction, fire, emergency or heavy equipment or vehicles.

Unemployment Compensation Contingency Fund – This fund is used to account for the interest, fines and penalties collected under the unemployment compensation law as well as the administrative costs not chargeable to federal grants.

Electric Power Sales Fund—This fund is used to account for the revenues and expenses for the purchase of wholesale electric power for resale to Vermont's utilities.

STATE OF VERMONT
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
JUNE 30, 2015

	Industrial Homework Office Fund	Federal Surplus Property Fund	Vermont Life Magazine Fund
ASSETS			
Current Assets			
Cash and cash equivalents	$ 76,378	$ -	$ -
Accrued interest receivable	-	15,950	-
Accounts receivable (net of allowances for uncollectibles)	-	-	112,657
Loans receivable	-	-	-
Due from other funds	-	-	3,539
Inventories, at cost	-	315,000	110,622
Prepaid expenses	-	-	49,358
Total current assets	76,378	330,950	276,176
Restricted and Noncurrent Assets			
Cash - subscription reserve fund	-	-	431,697
Loans receivable	-	-	-
Accounts receivable - subscriptions	-	-	7,178
Imprest cash and change fund - advances	-	-	200
Total restricted and noncurrent assets	-	-	439,075
Capital Assets			
Capital assets being depreciated			
Machinery, equipment and buildings	-	-	5,809
Less accumulated depreciation	-	-	(5,809)
Total capital assets, net of depreciation	-	-	-
Total restricted and noncurrent assets	-	-	439,075
Total assets	76,378	330,950	715,251
DEFERRED OUTFLOW OF RESOURCES			
Pension related outflows	-	-	67,207
Total deferred outflow of resources	-	-	67,207
LIABILITIES			
Current Liabilities			
Accounts payable	-	7	103,811
Accrued salaries and benefits	-	2,227	60,304
Due to other funds	-	520	740
Interfund payable	-	145,804	2,555,019
Unearned revenue	-	315,000	29,824
Total current liabilities	-	463,558	2,749,698
Long-term Liabilities			
Unexpired subscriptions	-	-	431,697
Advances from other funds	-	-	200
Net pension liabilities	-	-	351,241
Other non current liabilities	-	3,859	-
Total long-term liabilities	-	3,859	783,138
Total liabilities	-	467,417	3,532,836
DEFERRED INFLOW OF RESOURCES			
Pension related inflows	-	-	89,768
Total deferred inflow of resources	-	-	89,768
NET POSITION			
Unrestricted (deficit)	76,378	(136,467)	(2,840,146)
Total net position	$ 76,378	$ (136,467)	$ (2,840,146)

See Independent Auditors' Report.

Municipal Equipment Loan Fund	Unemployment Compensation Contingency Fund	Electric Power Sales Fund	Total Non-major Enterprise Funds
$ 1,758,921	$ 456,183	$ 14,456	$ 2,305,938
8,409	-	-	24,359
-	-	213,036	325,693
610,641	-	-	610,641
-	86,842	-	90,381
-	-	-	425,622
-	-	-	49,358
2,377,971	543,025	227,492	3,831,992
-	-	-	431,697
923,281	-	-	923,281
-	-	-	7,178
-	-	-	200
923,281	-	-	1,362,356
-	-	-	5,809
-	-	-	(5,809)
-	-	-	-
923,281	-	-	1,362,356
3,301,252	543,025	227,492	5,194,348
-	-	-	67,207
-	-	-	67,207
-	-	212,338	316,156
-	-	977	63,508
-	-	-	1,260
-	-	-	2,700,823
-	-	-	344,824
-	-	213,315	3,426,571
-	-	-	431,697
-	-	-	200
-	-	-	351,241
-	-	-	3,859
-	-	-	786,997
-	-	213,315	4,213,568
-	-	-	89,768
-	-	-	89,768
3,301,252	543,025	14,177	958,219
$ 3,301,252	$ 543,025	$ 14,177	$ 958,219

STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NON-MAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Industrial Homework Office Fund	Federal Surplus Property Fund	Vermont Life Magazine Fund
OPERATING REVENUES			
Charges for sales and services	$ -	$ 149,509	$ 836,921
Federal donated property	-	2,127,011	-
Advertising revenue	-	-	307,739
Other operating revenues	-	-	63,747
Total operating revenues	-	2,276,520	1,208,407
OPERATING EXPENSES			
Cost of sales and services	-	2,127,011	316,344
Salaries and benefits	-	34,677	686,171
Insurance premium expense	-	-	9,696
Contractual services	-	-	220,418
Repairs and maintenance	-	392	953
Rental expense	-	499	325
Utilities and property management	-	150	34,578
Non-capital equipment purchased	-	-	5,327
Promotions and advertising	-	132	82,331
Administrative expenses	-	7,977	535
Supplies and parts	-	1	4,875
Distribution and postage	-	132,206	240,742
Travel	-	-	5,915
Other operating expenses	-	350	29,230
Total operating expenses	-	2,303,395	1,637,440
Operating income (loss)	-	(26,875)	(429,033)
NONOPERATING REVENUES (EXPENSES)			
Investment income (expense)	-	-	(2,435)
Total nonoperating revenues (expenses)	-	-	(2,435)
Income (loss) before other revenues, expenses, gains, losses, and transfers	-	(26,875)	(431,468)
OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS			
Transfers in	-	-	-
Transfers out	-	-	-
Total other revenues, expenses, gains, losses, and transfers	-	-	-
Change in net position	-	(26,875)	(431,468)
Total net position, July 1 as restated	76,378	(109,592)	(2,408,678)
Total net position, June 30	$ 76,378	$ (136,467)	$ (2,840,146)

See Independent Auditors' Report.

Municipal Equipment Loan Fund	Unemployment Compensation Contingency Fund	Electric Power Sales Fund	Total Non-major Enterprise Funds
$ -	$ -	$ 3,141,693	$ 4,128,123
-	-	-	2,127,011
-	-	-	307,739
-	-	-	63,747
-	-	3,141,693	6,626,620
-	-	3,134,420	5,577,775
-	-	8,609	729,457
-	-	-	9,696
-	-	-	220,418
-	-	-	1,345
-	-	-	824
-	-	-	34,728
-	-	-	5,327
-	-	-	82,463
-	291	-	8,803
-	-	-	4,876
-	-	-	372,948
-	-	-	5,915
-	-	-	29,580
-	291	3,143,029	7,084,155
-	(291)	(1,336)	(457,535)
38,865	876	-	37,306
38,865	876	-	37,306
38,865	585	(1,336)	(420,229)
-	915,666	-	915,666
-	(893,600)	-	(893,600)
-	22,066	-	22,066
38,865	22,651	(1,336)	(398,163)
3,262,387	520,374	15,513	1,356,382
$ 3,301,252	$ 543,025	$ 14,177	$ 958,219

STATE OF VERMONT
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Industrial Homework Office Fund	Federal Surplus Property Fund	Vermont Life Magazine Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ -	$ 167,659	$ 1,190,639
Cash paid to suppliers for goods and services	-	(176,675)	(960,476)
Cash paid to employees for services	-	(33,055)	(688,962)
Other operating revenues	-	-	63,747
Other operating expenses	-	(500)	(29,230)
Net cash provided (used) by operating activities	-	(42,571)	(424,282)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	-	-
Transfers out	-	-	-
Interfund loans and advances	-	42,571	417,588
Net cash provided by noncapital financing activities	-	42,571	417,588
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earned on investments	-	-	(2,435)
Proceeds from loan repayments	-	-	-
Lending payments	-	-	-
Net cash provided (used) by investing activities	-	-	(2,435)
Net increase (decrease) in cash and cash equivalents	-	-	(9,129)
Cash and cash equivalents, July 1	76,378	-	441,026
Cash and cash equivalents, June 30	$ 76,378	$ -	$ 431,897
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ -	$ (26,875)	$ (429,033)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
(Increase)/decrease in accounts/taxes receivable	-	(15,950)	50,512
(Increase)/decrease in due from other funds	-	34,100	(307)
(Increase)/decrease in inventories	-	(194,834)	(57,102)
(Increase)/decrease in prepaid expenses	-	-	59,841
(Increase) decrease in deferred outflows	-	-	(10,788)
Increase/(decrease) in accounts payable	-	(35,854)	(41,386)
Increase/(decrease) in accrued salaries and benefits	-	1,622	(1,045)
Increase/(decrease) in due to other funds	-	386	517
Increase/(decrease) in unearned revenue	-	194,834	4,946
Increase/(decrease) in subscription reserves	-	-	(9,479)
Increase/(decrease) in net pension liabilities	-	-	(80,726)
Increase/(decrease) in deferred inflows	-	-	89,768
Total adjustments	-	(15,696)	4,751
Net cash provided (used) by operating activities	$ -	$ (42,571)	$ (424,282)

NOTE: Total cash and cash equivalents at June 30 on the cash flow statement is equal to cash & cash equivalents, cash-subscription reserve fund, and imprest cash on the Statement of Net Position.

See Independent Auditors' Report.

Municipal Equipment Loan Fund	Unemployment Compensation Contingency Fund	Electric Power Sales Fund	Total Non-major Enterprise Funds
$ -	$ -	3,170,261	$ 4,528,559
-	(14,965)	(3,163,572)	(4,315,688)
-	-	(7,823)	(729,840)
-	-	-	63,747
-	-	-	(29,730)
-	(14,965)	(1,134)	(482,952)
-	915,666	-	915,666
-	(893,600)	-	(893,600)
-	-	-	460,159
-	22,066	-	482,225
1,689	876	-	130
776,060	-	-	776,060
(265,000)	-	-	(265,000)
512,749	876	-	511,190
512,749	7,977	(1,134)	510,463
1,246,172	448,206	15,590	2,227,372
$ 1,758,921	$ 456,183	14,456	$ 2,737,835
$ -	$ (291)	(1,336)	$ (457,535)
-	-	28,568	63,130
-	(14,674)	-	19,119
-	-	-	(251,936)
-	-	-	59,841
-	-	-	(10,788)
-	-	(29,152)	(106,392)
-	-	786	1,363
-	-	-	903
-	-	-	199,780
-	-	-	(9,479)
-	-	-	(80,726)
-	-	-	89,768
-	(14,674)	202	(25,417)
$ -	$ (14,965)	$ (1,134)	$ (482,952)

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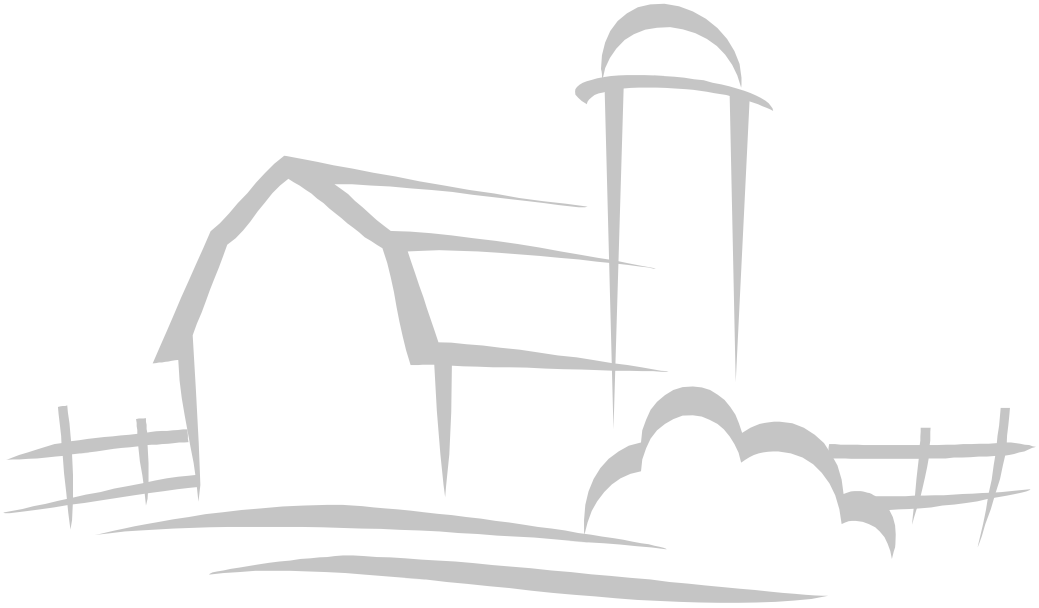

Vermont

Highway Garage Fund – This fund accounts for the maintenance and rental of equipment to the Agency of Transportation for use in construction, maintenance and operation of the State's transportation infrastructure.

Offender Work Programs – This fund accounts for the activities of the print shop, sign shop and furniture shop run by the Department of Corrections.

Single Audit Revolving Fund – The purpose of this fund is to account for the costs attributable to the Auditor of Accounts Office's performance of the annual Single Audit .

Financial & HR Information Fund – The activities of this fund account for the costs of the support of the State's financial and human capital management ERP systems.

Communications & Information Technology Fund – This fund accounts for the activities of the Department of Information and Innovation's communications and information technology services.

Fleet Fund – This fund accounts for the Department of Buildings and General Services' vehicle management activities including the daily and long-term leasing of vehicles for employees use in travel on State business.

E-Procurement Fund - The purpose of the Purchasing Card Program is to establish a more efficient, cost-effective method of purchasing and paying for small dollar transactions and high-volume, repetitive purchases.

Copy Center Fund – This fund's activities include the Department of Buildings and General Services Print Shop and copier leasing services.

Postage Fund – This fund accounts for the mail services for the Montpelier and Waterbury state complexes including mail collection and delivery, sorting, and applying postage.

Facilities Operations Fund – This fund's purpose is to provide operating expenses, maintenance, renovations and acquisitions of buildings, grounds and support facilities.

Property Management Fund – This fund's purpose is to provide State Agencies with safe, comfortable, and efficient space through leasing; purchasing; and planning which enables them to carry out their mission.

Equipment Revolving Fund – This fund is used as an internal lease purchase mechanism of equipment for State agencies and departments.

State Resource Management Fund – This fund accounts for the costs of energy resource conservation measures implemented by departments anticipated to generate a life cycle cost benefit to the state.

State Surplus Property Fund – This fund accounts for the sale of all items that are no longer needed by the State's agencies and departments.

State Liability Insurance Fund – This fund provides liability insurance coverage for the actions performed by the State's employees in the course of performing their assigned duties.

Risk Management-All Other Fund – This fund is used to purchase insurance protection for state property and other miscellaneous risks that are specific to certain departments or types of employees, such as judicial liability, liability related to maintenance of railroad tracks, and required bonds for certain state officials.

Workers' Compensation Fund – This fund provides workers' compensation coverage for all state employees.

Medical Insurance Fund – This fund provides health coverage for current state employees, retirees, legislators and other groups eligible to participate.

Dental Insurance Fund – This fund provides dental coverage for current state employees, legislators and other groups eligible to participate.

Life Insurance Fund – This fund provides a life insurance policy for current state employees, retirees and other groups eligible to participate.

Long-term Disability Fund – This fund provides an income replacement benefit for state employees that are not eligible to be represented by the employees' union should they have a long term or permanent disability.

Employees' Assistance Fund – This fund provides a program that assists state employees and members of their immediate household assistance in addressing problems that impact their lives.

Human Resource Services Fund - This fund provides centralized human resources management services for agencies and departments of the State.

STATE OF VERMONT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015

	Highway Garage Fund	Offender Work Programs	Single Audit Revolving Fund
ASSETS			
Current Assets			
Cash and cash equivalents	$ 350,581	$ -	$ -
Accounts receivable	-	152,895	-
Loans receivable	-	-	-
Due from other funds	1,417,315	216,203	69,537
Inventories, at cost	1,039,066	386,110	-
Prepaid expenses	-	-	-
Total current assets	2,806,962	755,208	69,537
Restricted and Other Assets			
Loans receivable	-	-	-
Total restricted and other assets	-	-	-
Capital Assets			
Land	26,156	-	-
Construction in progress	2,688,983	-	-
Works of art	-	-	-
Capital assets being depreciated			
Machinery, equipment and buildings	63,863,779	1,542,500	-
Less accumulated depreciation	(35,476,243)	(934,560)	-
Total capital assets, net of depreciation	31,102,675	607,940	-
Total assets	33,909,637	1,363,148	69,537
LIABILITIES			
Current Liabilities			
Accounts payable	1,253,292	271,111	125,582
Accrued salaries and wages	408,838	150,446	123,195
Claims payable	-	-	-
Due to other funds	15,145	66,700	1,965
Interfund payable	-	59,332	140,250
Unearned revenue	-	-	-
Capital leases payable	-	-	-
Other current liabilities	-	24,953	-
Total current liabilities	1,677,275	572,542	390,992
Long-term Liabilities			
Claims payable	-	-	-
Capital leases payable	-	-	-
Other noncurrent liabilities	29,351	79,352	11,268
Total long-term liabilities	29,351	79,352	11,268
Total liabilities	1,706,626	651,894	402,260
NET POSITION			
Net investment in capital assets	31,102,675	607,940	-
Unrestricted net position (deficit)	1,100,336	103,314	(332,723)
Total net position	$ 32,203,011	$ 711,254	$ (332,723)

See Independent Auditors' Report.

Financial & HR Information Fund	Communication & Information Technology Fund	Fleet Fund	E-Procurement Fund	Copy Center Fund
$ -	$ -	$ -	$ -	$ -
-	176,563	1,089	8,285	16,563
-	-	-	-	-
697,776	6,258,879	912,237	911,168	253,853
-	96,753	-	-	-
8,972	746,991	-	-	18,263
706,748	7,279,186	913,326	919,453	288,679
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
106,197	9,821,904	15,314,893	-	4,216,748
(38,054)	(7,950,852)	(6,921,132)	-	(3,375,776)
68,143	1,871,052	8,393,761	-	840,972
774,891	9,150,238	9,307,087	919,453	1,129,651
292,360	3,599,715	367,349	334,032	167,773
525,981	956,745	53,386	-	43,154
-	-	-	-	-
103,524	239,412	7,164	-	70,923
821,692	5,152,521	5,775,667	585,421	2,555,976
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,743,557	9,948,393	6,203,566	919,453	2,837,826
-	-	-	-	-
-	-	-	-	-
-	3,840	-	-	-
-	3,840	-	-	-
1,743,557	9,952,233	6,203,566	919,453	2,837,826
68,143	1,871,052	8,393,761	-	840,972
(1,036,809)	(2,673,047)	(5,290,240)	-	(2,549,147)
$ (968,666)	$ (801,995)	$ 3,103,521	$ -	$ (1,708,175)

Continued on next page

STATE OF VERMONT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015

	Postage Fund	Facilities Operations Fund	Property Management Fund
ASSETS			
Current Assets			
Cash and cash equivalents	$ -	$ -	$ -
Accounts receivable	39,651	1,009,264	446,421
Loans receivable	-	-	-
Due from other funds	299,177	16,410,838	7,851,350
Inventories, at cost	702,120	-	-
Prepaid expenses	554	32,974	1,476,372
Total current assets	1,041,502	17,453,076	9,774,143
Restricted and Other Assets			
Loans receivable	-	-	-
Total restricted and other assets	-	-	-
Capital Assets			
Land	-	-	-
Construction in progress	-	-	-
Works of art	-	8,200	-
Capital assets being depreciated			
Machinery, equipment and buildings	528,847	4,263,177	10,692,516
Less accumulated depreciation	(125,039)	(3,066,230)	(313,910)
Total capital assets, net of depreciation	403,808	1,205,147	10,378,606
Total assets	1,445,310	18,658,223	20,152,749
LIABILITIES			
Current Liabilities			
Accounts payable	7,917	1,540,501	414,519
Accrued salaries and wages	56,780	1,310,686	97,093
Claims payable	-	-	-
Due to other funds	4,547	191,838	10,404
Interfund payable	3,743,051	16,837,172	31,464,562
Unearned revenue	-	-	-
Capital leases payable	-	366,247	109,371
Other current liabilities	-	-	-
Total current liabilities	3,812,295	20,246,444	32,095,949
Long-term Liabilities			
Claims payable	-	-	-
Capital leases payable	-	899,377	10,487,997
Other noncurrent liabilities	473	-	-
Total long-term liabilities	473	899,377	10,487,997
Total liabilities	3,812,768	21,145,821	42,583,946
NET POSITION			
Net investment in capital assets	403,808	(60,477)	(218,762)
Unrestricted net position (deficit)	(2,771,266)	(2,427,121)	(22,212,435)
Total net position	$ (2,367,458)	$ (2,487,598)	$ (22,431,197)

See Independent Auditors' Report.

Equipment Revolving Fund	State Resource Management Fund	State Surplus Property Fund	State Liability Insurance Fund	Risk Management - All Other Fund
$ -	$ -	$ 477,207	$ 7,069,507	$ -
-	-	937	-	770,493
261,957	8,539	-	-	-
-	-	3,850	-	69,633
-	-	29,095	-	-
-	-	-	12,915	442,577
261,957	8,539	511,089	7,082,422	1,282,703
433,777	190,023	-	-	-
433,777	190,023	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	11,170	6,334	-
-	-	(388)	(6,334)	-
-	-	10,782	-	-
695,734	198,562	521,871	7,082,422	1,282,703
-	8,658	31,126	8,923	-
-	-	11,953	17,639	3,307
-	-	-	427,723	-
-	43	6,992	2,001	139,360
695,734	189,861	-	-	982,842
-	-	29,095	-	186,504
-	-	-	-	-
-	-	-	-	-
695,734	198,562	79,166	456,286	1,312,013
-	-	-	6,427,770	-
-	-	-	-	-
-	-	1,044	-	-
-	-	1,044	6,427,770	-
695,734	198,562	80,210	6,884,056	1,312,013
-	-	10,782	-	-
-	-	430,879	198,366	(29,310)
$ -	$ -	$ 441,661	$ 198,366	$ (29,310)

Continued on next page

STATE OF VERMONT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015

	Workers' Compensation Fund	Medical Insurance Fund	Dental Insurance Fund
ASSETS			
Current Assets			
Cash and cash equivalents	$ 25,790,347	$ 3,437,068	$ 720,079
Accounts receivable	-	10,638,263	615,233
Loans receivable	-	-	-
Due from other funds	3,232	-	25,000
Inventories, at cost	-	-	-
Prepaid expenses	25,860	592,909	-
Total current assets	25,819,439	14,668,240	1,360,312
Restricted and Other Assets			
Loans receivable	-	-	-
Total restricted and other assets	-	-	-
Capital Assets			
Land	-	-	-
Construction in progress	-	-	-
Works of art	-	-	-
Capital assets being depreciated			
Machinery, equipment and buildings	-	-	-
Less accumulated depreciation	-	-	-
Total capital assets, net of depreciation	-	-	-
Total assets	25,819,439	14,668,240	1,360,312
LIABILITIES			
Current Liabilities			
Accounts payable	42,197	1,800,354	83,135
Accrued salaries and wages	75,336	91,803	1,672
Claims payable	968,953	16,628,880	323,076
Due to other funds	278,360	439,202	14,281
Interfund payable	-	-	-
Unearned revenue	-	-	-
Capital leases payable	-	-	-
Other current liabilities	-	-	-
Total current liabilities	1,364,846	18,960,239	422,164
Long-term Liabilities			
Claims payable	30,578,702	-	-
Capital leases payable	-	-	-
Other noncurrent liabilities	-	-	43
Total long-term liabilities	30,578,702	-	43
Total liabilities	31,943,548	18,960,239	422,207
NET POSITION			
Net investment in capital assets	-	-	-
Unrestricted net position (deficit)	(6,124,109)	(4,291,999)	938,105
Total net position	$ (6,124,109)	$ (4,291,999)	$ 938,105

See Independent Auditors' Report.

Life Insurance Fund	Long-Term Disability Fund	Employees' Assistance Fund	Human Resources Fund	Eliminations	Total Internal Service Fund
$ 831,581	$ 29,395	$ 68,488	$ 486,461	$ -	$ 39,260,714
146,799	16,263	19,719	-	-	14,058,438
-	-	-	-	-	270,496
-	-	-	1,049	(1,137,577)	34,263,520
-	-	-	-	-	2,253,144
-	-	-	-	-	3,358,387
978,380	45,658	88,207	487,510	(1,137,577)	93,464,699
-	-	-	-	-	623,800
-	-	-	-	-	623,800
-	-	-	-	-	26,156
-	-	-	-	-	2,688,983
-	-	-	-	-	8,200
-	-	-	-	-	110,368,065
-	-	-	-	-	(58,208,518)
-	-	-	-	-	54,882,886
978,380	45,658	88,207	487,510	(1,137,577)	148,971,385
283,634	17,578	64,393	15,473	-	10,729,622
558	-	-	321,075	-	4,249,647
-	-	-	-	-	18,348,632
7,832	-	-	394,778	(1,137,577)	856,894
-	-	-	-	-	69,004,081
-	-	-	-	-	215,599
-	-	-	-		475,618
-	-	-	-	-	24,953
292,024	17,578	64,393	731,326	(1,137,577)	103,905,046
-	-	-	-	-	37,006,472
-	-	-	-	-	11,387,374
14	-	-	-	-	125,385
14	-	-	-	-	48,519,231
292,038	17,578	64,393	731,326	(1,137,577)	152,424,277
-	-	-	-	-	43,019,894
686,342	28,080	23,814	(243,816)	-	(46,472,786)
$ 686,342	$ 28,080	$ 23,814	$ (243,816)	$ -	$ (3,452,892)

STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Highway Garage Fund	Offender Work Programs	Single Audit Revolving Fund
OPERATING REVENUES			
Charges for sales and services	$ 16,229,688	$ 2,622,384	$ 3,069,257
Rental income	49,410	-	-
Other operating revenues	45,048	507	-
Total operating revenues	16,324,146	2,622,891	3,069,257
OPERATING EXPENSES			
Cost of sales and services	-	928,916	-
Claims expense	-	-	-
Salaries and benefits	4,493,944	1,208,778	1,322,415
Insurance premium expense	283,857	1,895	1,789
Contractual services	25,444	34,250	1,710,803
Repairs and maintenance	1,133,185	123,765	-
Depreciation	5,205,091	87,726	-
Rental expense	74,959	226,489	33,740
Utilities and property management	208,549	55,167	35,997
Non-capital equipment purchased	201,876	44,862	5,889
Promotions and advertising	2,653	750	-
Administrative expenses	25,263	27,804	11,230
Supplies and parts	4,853,318	265,066	6,167
Distribution and postage	1,956	27,130	84
Travel expenses	3,979	6,948	2,242
Other operating expenses	13,964	3,329	1,007
Total operating expenses	16,528,038	3,042,875	3,131,363
Operating income (loss)	(203,892)	(419,984)	(62,106)
NONOPERATING REVENUES			
Gain (loss) on disposal of capital assets	542,409	(20,776)	-
Investment income (expense)	-	-	-
Total nonoperating revenues (expenses)	542,409	(20,776)	-
Income (loss) before other revenues, expenses, gains, losses, and transfers	338,517	(440,760)	(62,106)
OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS			
Insurance recoveries	-	-	-
Capital contributions	567,846	149,425	-
Transfers in	372,174	-	-
Transfers out	-	-	-
Total other revenues, expenses, gains, losses, and transfers	940,020	149,425	-
Change in net position	1,278,537	(291,335)	(62,106)
Total net position, July 1	30,924,474	1,002,589	(270,617)
Total net position, June 30	$ 32,203,011	$ 711,254	$ (332,723)

See Independent Auditor's Report.

Financial & HR Information Fund	Communication & Information Technology Fund	Fleet Fund	E-Procurement Fund	Copy Center Fund
$ 8,815,115	$ 37,603,713	$ 5,369,017	$ 5,965,369	$ 2,342,640
-	-	-	-	-
-	-	54,618	-	-
8,815,115	37,603,713	5,423,635	5,965,369	2,342,640
-	4,481,903	-	5,965,369	366,407
-	-	-	-	-
5,419,863	9,881,031	639,946	-	541,600
7,799	15,427	102,578	-	2,716
99	12,550,339	826	-	16,000
1,781,029	4,462,666	667,609	-	356,541
3,475	1,126,795	2,236,725	-	593,668
104,951	1,081,625	35,902	-	61,906
905,391	1,849,578	39,090	-	36,188
140,711	1,628,255	96,098	-	46,252
-	8,430	7,304	-	-
205,135	120,458	148,971	-	47,299
9,318	86,185	1,249,409	-	3,086
7,424	1,717	267	-	57,934
7,399	58,570	15	-	-
35,596	665,916	12,715	-	2,790
8,628,190	38,018,895	5,237,455	5,965,369	2,132,387
186,925	(415,182)	186,180	-	210,253
-	-	391,671	-	(3,736)
-	-	-	-	-
-	-	391,671	-	(3,736)
186,925	(415,182)	577,851	-	206,517
-	-	-	-	-
-	-	-	-	-
-	635,000	-	-	-
-	-	-	-	-
-	635,000	-	-	-
186,925	219,818	577,851	-	206,517
(1,155,591)	(1,021,813)	2,525,670	-	(1,914,692)
$ (968,666)	$ (801,995)	$ 3,103,521	$ -	$ (1,708,175)

Continued on next page

STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Postage Fund	Facilities Operations Fund	Property Management Fund
OPERATING REVENUES			
Charges for sales and services	$ 2,783,904	$ 25,899,433	$ -
Rental income	-	-	20,843,865
Other operating revenues	-	802,557	1,307,276
Total operating revenues	2,783,904	26,701,990	22,151,141
OPERATING EXPENSES			
Cost of sales and services	2,196,706	-	19,646,849
Claims expense	-	-	-
Salaries and benefits	602,150	13,007,657	1,006,536
Insurance premium expense	2,717	876,969	85,637
Contractual services	275	188,968	1,072
Repairs and maintenance	81,681	1,014,710	135,553
Depreciation	52,044	388,073	291,249
Rental expense	42,473	705,204	69,300
Utilities and property management	34,472	8,535,648	1,097,356
Non-capital equipment purchased	1,883	166,527	7,276
Promotions and advertising	-	3,241	2,824
Administrative expenses	359	625,223	270,052
Supplies and parts	12,518	1,389,061	75,918
Distribution and postage	2,894	10,474	342
Travel expenses	217	14,770	4,163
Other operating expenses	-	413,231	596,352
Total operating expenses	3,030,389	27,339,756	23,290,479
Operating income (loss)	(246,485)	(637,766)	(1,139,338)
NONOPERATING REVENUES			
Gain (loss) on disposal of capital assets	-	3,899	-
Investment income (expense)	-	-	-
Total nonoperating revenues (expenses)	-	3,899	-
Income (loss) before other revenues, expenses, gains, losses, and transfers	(246,485)	(633,867)	(1,139,338)
OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS			
Insurance recoveries	-	-	-
Capital contributions	-	-	-
Transfers in	-	1,593,408	3,300,000
Transfers out	-	-	(632,940)
Total other revenues, expenses, gains, losses, and transfers	-	1,593,408	2,667,060
Change in net position	(246,485)	959,541	1,527,722
Total net position, July 1	(2,120,973)	(3,447,139)	(23,958,919)
Total net position, June 30	$ (2,367,458)	$ (2,487,598)	$ (22,431,197)

See Independent Auditor's Report.

Equipment Revolving Fund	State Resource Management Fund	State Surplus Property Fund	State Liability Insurance Fund	Risk Management - All Other Fund
$ 168,874	$ 45,446	$ 1,713,275	$ 2,494,952	$ 2,801,462
-	-	-	-	-
-	-	158,643	-	-
168,874	45,446	1,871,918	2,494,952	2,801,462
-	-	1,533,431	438,800	2,818,588
-	-	-	2,698,167	-
-	-	121,647	254,073	27,503
-	-	494	-	-
-	-	46,512	777,656	4
-	-	947	-	-
-	-	388	-	-
-	-	74,770	375	-
-	-	9,173	19,381	13
168,369	45,250	1,760	47,345	-
-	-	685	-	-
505	196	23,907	27,782	8,717
-	-	1,655	1,369	311
-	-	327	(14)	(4)
-	-	-	421	-
-	-	298	1,090	-
168,874	45,446	1,815,994	4,266,445	2,855,132
-	-	55,924	(1,771,493)	(53,670)
-	-	-	-	-
-	-	-	8,866	-
-	-	-	8,866	-
-	-	55,924	(1,762,627)	(53,670)
-	-	-	212,170	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	212,170	-
-	-	55,924	(1,550,457)	(53,670)
-	-	385,737	1,748,823	24,360
$ -	$ -	$ 441,661	$ 198,366	$ (29,310)

Continued on next page

STATE OF VERMONT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Workers' Compensation Fund	Medical Insurance Fund	Dental Insurance Fund
OPERATING REVENUES			
Charges for sales and services	$ 11,755,225	$ 164,277,165	$ 6,923,291
Rental income	-	-	-
Other operating revenues	-	400,916	25,000
Total operating revenues	11,755,225	164,678,081	6,948,291
OPERATING EXPENSES			
Cost of sales and services	-	-	-
Claims expense	8,659,714	148,100,652	6,139,185
Salaries and benefits	1,107,409	875,211	16,400
Insurance premium expense	500	738,157	-
Contractual services	239,736	324,698	29,617
Repairs and maintenance	1,141	315	7
Depreciation	-	-	-
Rental expense	52,577	2,889	6
Utilities and property management	53,202	39,891	77
Non-capital equipment purchased	89,361	3,321	65
Promotions and advertising	-	2,557	-
Administrative expenses	131,643	6,387,696	305,878
Supplies and parts	6,004	10,224	89
Distribution and postage	9,245	7,108	172
Travel expenses	-	2,748	-
Other operating expenses	195,139	3,606,100	58,539
Total operating expenses	10,545,671	160,101,567	6,550,035
Operating income (loss)	1,209,554	4,576,514	398,256
NONOPERATING REVENUES			
Gain (loss) on disposal of capital assets	-	-	-
Investment income (expense)	31,424	(8,310)	155
Total nonoperating revenues (expenses)	31,424	(8,310)	155
Income (loss) before other revenues, expenses, gains, losses, and transfers	1,240,978	4,568,204	398,411
OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS			
Insurance recoveries	-	-	-
Capital contributions	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other revenues, expenses, gains, losses, and transfers	-	-	-
Change in net position	1,240,978	4,568,204	398,411
Total net position, July 1	(7,365,087)	(8,860,203)	539,694
Total net position, June 30	$ (6,124,109)	$ (4,291,999)	$ 938,105

See Independent Auditor's Report.

Life Insurance Fund	Long-Term Disability Fund	Employees' Assistance Fund	Human Resources Fund	Total Internal Service Fund
$ 2,020,591	$ 222,539	$ 255,154	$ 4,264,706	$ 307,643,200
-	-	-	-	20,893,275
-	-	-	-	2,794,565
2,020,591	222,539	255,154	4,264,706	331,331,040
-	-	-	-	38,376,969
-	-	-	-	165,597,718
5,474	-	-	3,524,005	44,055,642
2,154,057	221,610	266,673	-	4,762,875
1,423	-	-	22,728	15,970,450
2	-	-	1,666	9,760,817
-	-	-	-	9,985,234
2	-	-	336,430	2,903,598
19	-	-	141,819	13,061,011
22	-	-	111,439	2,806,561
-	-	-	4,937	33,381
8,229	-	-	64,839	8,441,186
33	-	-	9,370	7,979,101
55	-	-	1,038	128,149
-	-	-	13,178	114,650
-	-	-	1,589	5,607,655
2,169,316	221,610	266,673	4,233,038	329,584,997
(148,725)	929	(11,519)	31,668	1,746,043
-	-	-	-	913,467
1,219	-	-	-	33,354
1,219	-	-	-	946,821
(147,506)	929	(11,519)	31,668	2,692,864
-	-	-	-	212,170
-	-	-	-	717,271
-	-	-	-	5,900,582
-	-	-	-	(632,940)
-	-	-	-	6,197,083
(147,506)	929	(11,519)	31,668	8,889,947
833,848	27,151	35,333	(275,484)	(12,342,839)
$ 686,342	$ 28,080	$ 23,814	$ (243,816)	$ (3,452,892)

STATE OF VERMONT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Highway Garage Fund	Offender Work Programs	Single Audit Revolving Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 17,402,115	$ 2,673,733	$ 3,090,738
Cash paid to suppliers for goods and services	(6,163,422)	(1,514,942)	(1,798,803)
Cash paid to employees for services	(4,496,323)	(1,225,705)	(1,313,151)
Cash paid to claimants	-	-	-
Other operating revenues	45,048	507	-
Other operating expenses	(13,964)	(3,329)	(1,007)
Net cash provided (used) by operating activities	6,773,454	(69,736)	(22,223)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating transfers in	372,174	-	-
Operating transfers out	-	-	-
Interfund loans and advances	(258,262)	59,332	22,223
Net cash provided (used) by noncapital financing activities	113,912	59,332	22,223
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acqusition and construction of capital assets	(7,442,184)	(138,524)	-
Payment of capital leases	-	-	-
Insurance recoveries	-	-	-
Proceeds from sale of capital assets	905,399	10,542	-
Net cash (used) by capital and related financing activities	(6,536,785)	(127,982)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earned on investments	-	-	-
Proceeds from loan repayments	-	-	-
Loans issued	-	-	-
Net cash provided by investing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	350,581	(138,386)	-
Cash and cash equivalents, July 1	-	138,386	-
Cash and cash equivalents, June 30	$ 350,581	$ -	$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ (203,892)	$ (419,984)	$ (62,106)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	5,205,091	87,726	-
(Increase)/decrease in accounts receivable	871	51,349	-
(Increase)/decrease in due from other funds	1,122,146	65,848	21,481
(Increase)/decrease in inventories	(142,395)	(113,202)	-
(Increase)/decrease in prepaid expenses	-	-	-
Increase/(decrease) in accounts payable	810,077	251,458	11,723
Increase/(decrease) in accrued salaries and benefits	(2,379)	(16,928)	9,264
Increase/(decrease) in claims payable	-	-	-
Increase/(decrease) in due to other funds	(16,065)	(956)	(2,585)
Increase/(decrease) in unearned revenue	-	-	-
Increase/(decrease) in other current liabilities	-	24,953	-
Total adjustments	6,977,346	350,248	39,883
Net cash provided (used) by operating activities	$ 6,773,454	$ (69,736)	$ (22,223)
Noncash investing, capital, and financing activities:			
Contributions of capital assets to/from other funds	567,846	149,425	-
Retirement of assets not fully depreciated	(362,990)	(24,016)	-
Fair market value of donated inventory sold	-	-	-
Acquisition of capital assets via capital lease	-	-	-

See Independent Auditors' Report.

Financial & HR Information Fund	Communications & Information Technology Fund	Fleet Fund	E-Procurement Fund	Copy Center Fund
$ 8,751,412	$ 38,129,235	$ 5,701,930	$ 6,148,830	$ 2,370,416
(3,074,025)	(24,618,641)	(2,600,392)	(6,232,441)	(946,187)
(6,092,367)	(9,825,103)	(635,519)	-	(539,118)
-	-	-	-	-
-	-	54,618	-	-
(39,183)	(665,916)	(12,715)	-	(2,790)
(454,163)	3,019,575	2,507,922	(83,611)	882,321
-	635,000	-	-	-
-	-	-	-	-
496,214	(2,383,080)	168,262	83,611	(507,861)
				-
496,214	(1,748,080)	168,262	83,611	(507,861)
(42,051)	(1,271,495)	(3,220,281)	-	(374,460)
-	-	-	-	-
-	-	-	-	-
-	-	544,097	-	-
(42,051)	(1,271,495)	(2,676,184)	-	(374,460)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
$ -	$ -	$ -	$ -	$ -
$ 186,925	$ (415,182)	$ 186,180	$ -	$ 210,253
3,475	1,126,795	2,236,725	(8,285)	593,668
41	(135,747)	641	191,746	(13,178)
(500,866)	661,269	332,272	-	40,954
-	84,313	-	-	-
(1,437)	2,130,507	-	-	(6,392)
27,173	(533,410)	(257,684)	(267,072)	39,884
1,477	55,928	4,427	-	2,482
-	-	-	-	-
(170,951)	45,102	5,361	-	14,650
-	-	-	-	-
-	-	-	-	-
(641,088)	3,434,757	2,321,742	(83,611)	672,068
$ (454,163)	$ 3,019,575	$ 2,507,922	$ (83,611)	$ 882,321
-	-	-	-	-
-	-	(152,426)	-	(3,736)
-	-	-	-	-
-	-	-	-	-

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STATE OF VERMONT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Postage Fund	Facilities Operations Fund	Property Management Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 2,808,609	$ 31,176,763	$ 20,325,241
Cash paid to suppliers for goods and services	(2,352,102)	(15,001,006)	(21,369,712)
Cash paid to employees for services	(596,486)	(12,891,746)	(1,005,170)
Cash paid to claimants	-	-	-
Other operating revenues	-	802,557	1,307,276
Other operating expenses	-	(413,231)	(596,352)
Net cash provided (used) by operating activities	(139,979)	3,673,337	(1,338,717)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating transfers in	-	1,593,408	3,300,000
Operating transfers out	-	-	(632,940)
Interfund loans and advances	530,384	(4,862,556)	(1,257,880)
Net cash provided (used) by noncapital financing activities	530,384	(3,269,148)	1,409,180
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acqusition and construction of capital assets	(390,405)	(61,736)	(21,832)
Payment of capital leases	-	(346,352)	(48,631)
Insurance recoveries	-	-	-
Proceeds from sale of capital assets	-	3,899	-
Net cash (used) by capital and related financing activities	(390,405)	(404,189)	(70,463)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earned on investments	-	-	-
Proceeds from loan repayments	-	-	-
Loans issued	-	-	-
Net cash provided by investing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	-	-	-
Cash and cash equivalents, July 1	-	-	-
Cash and cash equivalents, June 30	$ -	$ -	$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ (246,485)	$ (637,766)	$ (1,139,338)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	52,044	388,073	291,249
(Increase)/decrease in accounts receivable	(31,270)	(49,126)	(238,129)
(Increase)/decrease in due from other funds	55,975	5,326,456	(280,495)
(Increase)/decrease in inventories	21,355	-	-
(Increase)/decrease in prepaid expenses	(554)	(732)	(69,913)
Increase/(decrease) in accounts payable	5,352	(1,256,918)	94,776
Increase/(decrease) in accrued salaries and benefits	5,191	115,911	1,366
Increase/(decrease) in claims payable	-	-	-
Increase/(decrease) in due to other funds	(2,060)	(212,561)	1,767
Increase/(decrease) in unearned revenue	-	-	-
Increase/(decrease) in other current liabilities	473	-	-
Total adjustments	106,506	4,311,103	(199,379)
Net cash provided (used) by operating activities	$ (139,979)	$ 3,673,337	$ (1,338,717)
Noncash investing, capital, and financing activities:			
Contributions of capital assets to/from other funds	-	-	-
Retirement of assets not fully depreciated	-	-	-
Fair market value of donated inventory sold	-	-	-
Acquisition of capital assets via capital lease	-	-	10,646,000

See Independent Auditor's Report.

Equipment Revolving Fund	State Resource Management Fund	State Surplus Property Fund	State Liability Insurance Fund	Risk Management - All Other Fund
$ -	$ -	$ 1,710,504	$ 2,499,996	$ 4,811,344
-	-	(1,508,527)	(1,366,203)	(4,239,614)
-	-	(118,987)	(259,616)	(27,240)
-	-	-	(1,639,611)	-
-	-	-	-	-
-	-	(298)	(1,090)	-
-	-	82,692	(766,524)	544,490
-	-	-	-	-
-	-	-	-	-
(200,838)	(257,884)	-	-	(544,490)
				-
(200,838)	(257,884)	-	-	(544,490)
-	-	(11,170)	-	-
-	-	-	-	-
-	-	-	212,170	-
-	-	-	-	-
-	-	(11,170)	212,170	-
-	-	-	8,866	-
390,195	294,629	-	-	-
(189,357)	(36,745)	-	-	-
200,838	257,884	-	8,866	-
-	-	71,522	(545,488)	-
-	-	405,685	7,614,995	-
$ -	$ -	$ 477,207	$ 7,069,507	$ -
$ -	$ -	$ 55,924	$ (1,771,493)	$ (53,670)
-	-	388	-	-
-	-	(373)	-	1,229,828
-	-	(2,398)	5,044	203,861
-	-	(9,576)	-	-
-	-	-	(12,915)	(164,160)
-	-	30,245	449	(997,472)
-	-	2,660	(5,543)	239
-	-	-	1,058,556	-
-	-	(3,754)	(40,622)	139,360
-	-	9,576	-	186,504
-	-	-	-	-
-	-	26,768	1,004,969	598,160
$ -	$ -	$ 82,692	$ (766,524)	$ 544,490
-	-	-	-	-
-	-	-	-	-
-	-	158,643	-	-
-	-	-	-	-

Continued on next page

STATE OF VERMONT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Workers' Compensation Fund	Medical Insurance Fund	Dental Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 11,755,763	$ 162,714,552	$ 6,720,067
Cash paid to suppliers for goods and services	(421,581)	(5,993,181)	(321,299)
Cash paid to employees for services	(1,101,037)	(869,755)	(16,150)
Cash paid to claimants	(8,448,751)	(144,930,860)	(6,025,462)
Other operating revenues	-	400,916	25,000
Other operating expenses	(195,139)	(3,606,100)	(49,630)
Net cash provided (used) by operating activities	1,589,255	7,715,572	332,526
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Interfund loans and advances	-	(4,270,194)	-
Net cash provided (used) by noncapital financing activities	-	(4,270,194)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acqusition and construction of capital assets	-	-	-
Payment of capital leases	-	-	-
Insurance recoveries	-	-	-
Proceeds from sale of capital assets	-	-	-
Net cash (used) by capital and related financing activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earned on investments	31,424	(8,310)	155
Proceeds from loan repayments	-	-	-
Loans issued	-	-	-
Net cash provided by investing activities	31,424	(8,310)	155
Net increase (decrease) in cash and cash equivalents	1,620,679	3,437,068	332,681
Cash and cash equivalents, July 1	24,169,668	-	387,398
Cash and cash equivalents, June 30	$ 25,790,347	$ 3,437,068	$ 720,079
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ 1,209,554	$ 4,576,514	$ 398,256
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	-	-	-
(Increase)/decrease in accounts receivable	110	(8,699,319)	(611,217)
(Increase)/decrease in due from other funds	428	7,136,706	459,298
(Increase)/decrease in inventories	-	-	-
(Increase)/decrease in prepaid expenses	(25,860)	27,907	-
Increase/(decrease) in accounts payable	13,485	1,137,273	9,681
Increase/(decrease) in accrued salaries and benefits	6,372	5,456	236
Increase/(decrease) in claims payable	210,963	3,169,792	62,578
Increase/(decrease) in due to other funds	174,203	361,243	13,694
Increase/(decrease) in unearned revenue	-	-	-
Increase/(decrease) in other liabilities	-	-	-
Total adjustments	379,701	3,139,058	(65,730)
Net cash provided (used) by operating activities	$ 1,589,255	$ 7,715,572	$ 332,526
Noncash investing, capital, and financing activities:			
Contributions of capital assets to/from other funds	-	-	-
Retirement of assets not fully depreciated	-	-	-
Fair market value of donated inventory sold	-	-	-
Acquisition of capital assets via capital lease	-	-	-

See Independent Auditor's Report.

Life Insurance Fund	Long-Term Disability Fund	Employees' Assistance Fund	Human Resources Fund	Total Internal Service Fund
$ 2,039,903	$ 223,810	$ 257,958	$ 4,354,686	$ 335,667,605
(2,145,400)	(241,834)	(270,443)	(303,677)	(102,483,432)
(5,394)	-	-	(3,555,565)	(44,574,432)
-	-	-	-	(161,044,684)
-	-	-	-	2,635,922
-	-	-	(1,589)	(5,602,333)
(110,891)	(18,024)	(12,485)	493,855	24,598,646
-	-	-	-	5,900,582
-	-	-	-	(632,940)
-	-	-	(7,394)	(13,190,413)
-	-	-	(7,394)	(7,922,771)
-	-	-	-	(12,974,138)
-	-	-	-	(394,983)
-	-	-	-	212,170
-	-	-	-	1,463,937
-	-	-	-	(11,693,014)
1,219	-	-	-	33,354
-	-	-	-	684,824
-	-	-	-	(226,102)
1,219	-	-	-	492,076
(109,672)	(18,024)	(12,485)	486,461	5,474,937
941,253	47,419	80,973	-	33,785,777
$ 831,581	$ 29,395	$ 68,488	$ 486,461	$ 39,260,714
$ (148,725)	$ 929	$ (11,519)	$ 31,668	$ 1,746,043
-	-	-	-	9,976,949
(107,084)	1,271	(19,719)	-	(8,429,305)
126,396	-	22,523	89,980	14,886,878
-	-	-	-	(159,505)
-	-	-	-	1,876,451
10,806	(20,224)	(3,770)	11,402	(882,766)
80	-	-	(31,560)	154,679
-	-	-	-	4,501,889
7,636	-	-	392,365	705,827
-	-	-	-	196,080
-	-	-	-	25,426
37,834	(18,953)	(966)	462,187	22,852,603
$ (110,891)	$ (18,024)	$ (12,485)	$ 493,855	$ 24,598,646
-	-	-	-	717,271
-	-	-	-	(543,168)
-	-	-	-	158,643
-	-	-	-	10,646,000

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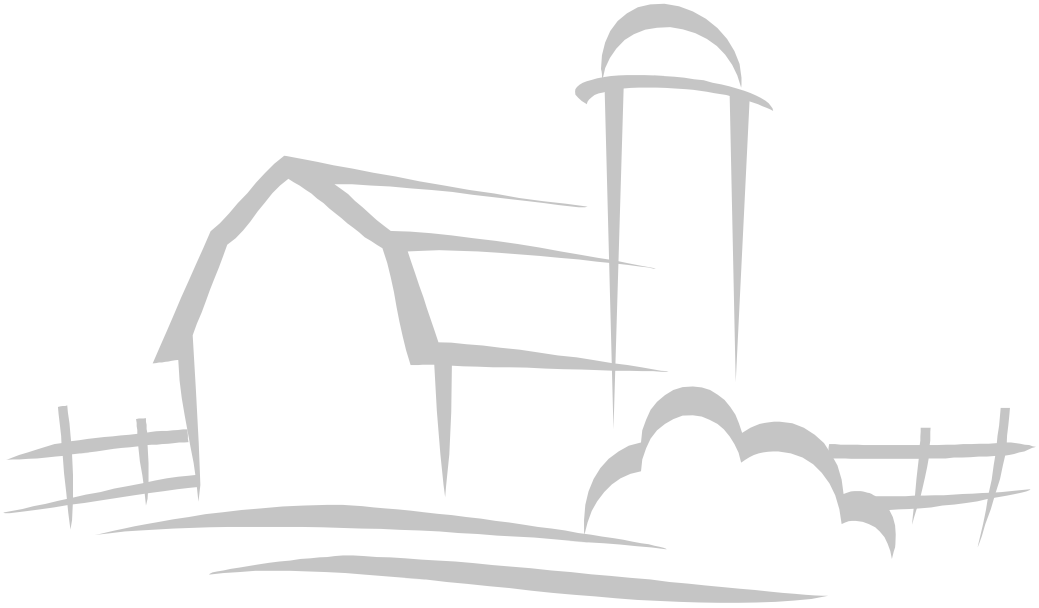

Vermont

Vermont State Retirement Fund – This is the public defined benefit pension plan provided by the State of Vermont for State employees.

State Teachers' Retirement Fund – This is the public defined benefit pension plan provided by the State of Vermont for State teachers.

Vermont Municipal Employees' Retirement Fund – This is the public pension plan administered by the State of Vermont for participating municipalities' employees.

Vermont State Defined Contribution Fund – This is a retirement plan for those exempt State employees that elected to participate in the defined contribution plan for the Vermont State Retirement System.

Single Deposit Investment Account Fund – This is a tax sheltered account funded through employee transfers from a non-contributing system years ago.

Vermont Municipal Employees' Defined Contribution Fund – This is a retirement plan for those participating municipalities' employees that elected to participate in the defined contribution plan for the Vermont Municipal Employees' Retirement Fund.

Vermont State Postemployment Benefits Trust Fund – This fund's purpose is to accumulate and provide reserves to support retiree postemployment benefits for members of the Vermont state employees' retirement system.

Vermont Retired Teachers' Health and Medical Benefits Fund - This fund's purpose is to accumulate and provide reserves to support retiree postemployment benefits for members of the State Teachers' Retirement System.

Vermont Municipal Employees' Health Benefit Fund – This is a fund established by the Vermont Municipal Employees' Retirement System's Board of Directors as a tax-advantaged savings plan that assists retirees in paying for healthcare costs after retirement.

STATE OF VERMONT
COMBINING STATEMENT OF PLAN NET POSITION
PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS
JUNE 30, 2015

	Defined Benefit Plans		
	Vermont State Retirement Fund	State Teachers' Retirement Fund	Vermont Municipal Employees' Retirement Fund
ASSETS			
Cash and short-term investments	$ 2,741,376	$ 1,332,663	$ 1,166,716
Investments at fair value			
Pooled investments	1,617,343,796	1,646,559,381	523,994,872
Mutual and commingled funds	-	-	-
Total investments	1,617,343,796	1,646,559,381	523,994,872
Receivables			
Contributions - current	5,158,221	4,607,606	3,161,581
Contributions - non-current	-	-	6,843,069
Interest and dividends	3	2	367,550
Due from other funds	103,398	1,279	124,914
Other	-	2,865	35,230
Total receivables	5,261,622	4,611,752	10,532,344
Prepaid expenses	-	-	21,353
Capital assets			
Capital assets being depreciated			
Equipment	2,776,191	3,300,001	1,190,279
Less accumulated depreciation	(683,052)	(820,993)	(321,696)
Total capital assets, net of depreciation	2,093,139	2,479,008	868,583
Total assets	1,627,439,933	1,654,982,804	536,583,868
LIABILITIES			
Accounts payable	2,401,742	1,648,869	593,424
Accrued liabilities	-	-	-
Interest payable	-	-	-
Retainage payable	172,115	209,671	82,424
Due to other funds	4,837	7,823	4,278
Interfund loans payable	-	-	-
Total liabilities	2,578,694	1,866,363	680,126
NET POSITION RESTRICTED FOR EMPLOYEES' PENSION AND OTHER POSTEMPLOYMENT BENEFITS.	$ 1,624,861,239	$ 1,653,116,441	$ 535,903,742

See Independent Auditors' Report.

Defined Contribution Plans			Other Postemployment Benefit Funds				
Vermont State Defined Contribution Fund	Single Deposit Investment Account Fund	Vermont Municipal Employees' Defined Contribution Fund	Vermont State Postemployment Benefits Trust Fund	Vermont Retired Teachers' Health and Medical Benefits Fund	Municipal Employees' Health Benefit Fund	Eliminations	Total
$ 74,383	$ 1,438,970	$ 163,057	$ 454,487	$ 152,511	$ 501,172	$ -	$ 8,025,335
-	-	-	-	-	-	-	3,787,898,049
58,254,928	55,904,255	20,944,090	18,825,593	-	12,408,454	-	166,337,320
58,254,928	55,904,255	20,944,090	18,825,593	-	12,408,454	-	3,954,235,369
116,874	-	46,519	699,758	-	-	-	13,790,559
-	-	-	-	-	-	-	6,843,069
-	12	-	-	-	-	-	367,567
-	-	-	-	-	-	(229,591)	-
-	-	538	1,217	1,359,001	-	-	1,398,851
116,874	12	47,057	700,975	1,359,001	-	(229,591)	22,400,046
6,323	-	90	-	2,424,902	-	-	2,452,668
-	-	-	-	-	-	-	7,266,471
-	-	-	-	-	-	-	(1,825,741)
-	-	-	-	-	-	-	5,440,730
58,452,508	57,343,237	21,154,294	19,981,055	3,936,414	12,909,626	(229,591)	3,992,554,148
8,161	-	201	76,597	29,969	-	-	4,758,963
-	-	-	-	-	-	-	-
-	-	-	-	8,303	-	-	8,303
-	-	-	-	-	-	-	464,210
100,847	-	124,914	-	-	-	(229,591)	13,108
-	-	-	-	13,954,600	-	-	13,954,600
109,008	-	125,115	76,597	13,992,872	-	(229,591)	19,199,184
$ 58,343,500	$ 57,343,237	$ 21,029,179	$ 19,904,458	$ (10,056,458)	$ 12,909,626	$ -	$ 3,973,354,964

STATE OF VERMONT
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Defined Benefit Plans		
	Vermont State Retirement Fund	State Teachers' Retirement Fund	Vermont Municipal Employees' Retirement Fund
ADDITIONS			
Contributions			
Employer - pension benefit	$ 55,881,364	$ -	$ 14,136,067
Employer - healthcare benefit	-	-	-
Non-employer - pension benefit	-	72,908,805	-
Non-employer - healthcare benefit	-	-	-
Plan member	33,296,248	34,863,531	13,587,975
Transfers from other pension trust funds	423,273	830,887	384,009
Transfers from non-state systems	-	-	-
Medicare part D drug subsidy	-	-	-
Other revenues	-	-	-
Total contributions	89,600,885	108,603,223	28,108,051
Investment Income (loss)			
Net appreciation (depreciation) in fair value of investments	268	45,560	-
Income (loss) from pooled investments	(2,578,896)	(1,489,193)	(942,010)
Dividends	906	-	-
Interest	9,047	19,918	489,088
Other income	137,842	179,643	32,292
Total investment income (loss)	(2,430,833)	(1,244,072)	(420,630)
Less Investment Expenses			
Investment managers and consultants	6,053,861	6,322,625	1,937,888
Total investment expenses	6,053,861	6,322,625	1,937,888
Net investment income (loss)	(8,484,694)	(7,566,697)	(2,358,518)
Total additions	81,116,191	101,036,526	25,749,533
DEDUCTIONS			
Retirement benefits	107,877,482	148,074,836	20,593,892
Other postemployment benefits	-	-	-
Refund of contributions	2,796,892	1,833,058	1,780,091
Death claims	190,020	404,516	162,422
Transfers to other pension trust funds	531,790	420,435	778,769
Depreciation	245,782	292,443	105,469
Operating expenses	1,858,854	2,259,402	950,625
Total deductions	113,500,820	153,284,690	24,371,268
Change in net position	(32,384,629)	(52,248,164)	1,378,265
Net position restricted for employees' pension and postemployment benefits			
July 1	1,657,245,868	1,705,364,605	534,525,477
June 30	$ 1,624,861,239	$ 1,653,116,441	$ 535,903,742

See Independent Auditors' Report.

Defined Contribution Plans			Other Postemployment Benefit Funds				
Vermont State Defined Contribution Fund	Single Deposit Investment Account Fund	Vermont Municipal Employees' Defined Contribution Fund	Vermont State Postemployment Benefits Trust Fund	Vermont Retired Teachers' Health and Medical Benefits Fund	Municipal Employees' Health Benefit Fund	Eliminations	Total
$ 1,837,253	$ -	$ 603,384	$ -	$ -	$ -	$ -	$ 72,458,068
-	-	-	29,028,016	-	-	-	29,028,016
-	-	-	-	-	-	-	72,908,805
-	-	-	-	11,052,007	-	-	11,052,007
748,019	-	541,185	-	-	-	-	83,036,958
70,634	-	22,191	-	-	-	(1,730,994)	-
182,967	-	-	-	-	-	-	182,967
-	-	-	-	17,860	-	-	17,860
-	-	-	-	3,595,400	-	-	3,595,400
2,838,873	-	1,166,760	29,028,016	14,665,267	-	(1,730,994)	272,280,081
(1,346,498)	736	(197,015)	(127,627)	-	195,932	-	(1,428,644)
-	-	-	-	-	-	-	(5,010,099)
3,657,611	1,367,582	1,179,023	455,366	-	-	-	6,660,488
126	119	365	6,428	1,527	804	-	527,422
49,123	-	16,830	-	-	-	-	415,730
2,360,362	1,368,437	999,203	334,167	1,527	196,736	-	1,164,897
-	179,176	-	2,222	-	67,601	-	14,563,373
-	179,176	-	2,222	-	67,601	-	14,563,373
2,360,362	1,189,261	999,203	331,945	1,527	129,135	-	(13,398,476)
5,199,235	1,189,261	2,165,963	29,359,961	14,666,794	129,135	(1,730,994)	258,881,605
4,714,448	6,131,614	1,102,414	-	-	-	-	288,494,686
-	-	-	28,359,565	24,714,806	265,253	-	53,339,624
-	-	-	-	-	-	-	6,410,041
-	-	-	-	-	-	-	756,958
-	-	-	-	-	-	(1,730,994)	-
-	-	-	-	-	-	-	643,694
44,918	-	91,248	86	8,446	-	-	5,213,579
4,759,366	6,131,614	1,193,662	28,359,651	24,723,252	265,253	(1,730,994)	354,858,582
439,869	(4,942,353)	972,301	1,000,310	(10,056,458)	(136,118)	-	(95,976,977)
57,903,631	62,285,590	20,056,878	18,904,148	-	13,045,744	-	4,069,331,941
$ 58,343,500	$ 57,343,237	$ 21,029,179	$ 19,904,458	$ (10,056,458)	$ 12,909,626	$ -	$ 3,973,354,964

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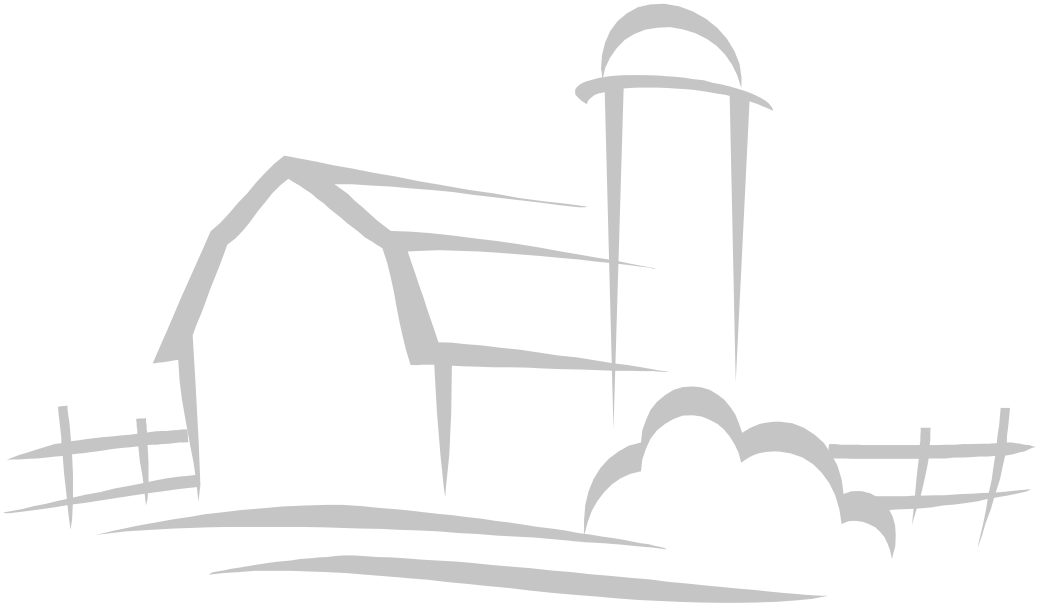

Vermont

Agency Funds' Descriptions

Retirement System Contributions and Withholdings Fund – This fund holds the employees' retirement contributions and withholdings until distribution to the appropriate pension fund.

Federal Income Tax Withholdings Fund – This fund holds employees' federal income tax withholdings until they are paid to the Federal Government.

State Income Tax Withholdings Fund – This fund holds employees' state income tax withholdings are held until they are paid to the State.

Social Security Tax Contributions and Withholdings Fund – This is the fund where employees' FICA withholdings are held until they are paid to the Federal Government.

Employees Insurance Contributions and Withholdings Fund – This is the fund where the State and the State's employees' share of the insurance premiums is held until distribution to the appropriate internal service fund.

Employees Deferred Income Withholdings Fund – This is the fund where the employees' voluntary deferred income withholdings are held until paid to the program administrator.

Other Employee Contributions and Withholdings Fund – This is the fund where other withholdings and contributions (charitable, savings bonds, flexible spending, etc) are held until paid to the appropriate depository.

Vendor and Other Deposits Fund – This is the fund where escrow amounts, advances, garnishments and other miscellaneous agency funds are reported.

Child Support Collections Fund – This is the fund where child support receipts are held until paid to the correct recipient.

STATE OF VERMONT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
RETIREMENT SYSTEM CONTRIBUTIONS AND WITHHOLDINGS FUND				
ASSETS				
Cash	$ 22	$ 116,661,076	$ 116,661,076	$ 22
Total assets	$ 22	$ 116,661,076	$ 116,661,076	$ 22
LIABILITIES				
Due to depositories	$ 22	$ 116,661,076	$ 116,661,076	$ 22
Total liabilities	$ 22	$ 116,661,076	$ 116,661,076	$ 22
FEDERAL INCOME TAX WITHHOLDING FUND				
ASSETS				
Cash	$ 138	$ 58,823,332	$ 58,819,630	$ 3,840
Total assets	$ 138	$ 58,823,332	$ 58,819,630	$ 3,840
LIABILITIES				
Due to depositories	$ 138	$ 58,823,332	$ 58,819,630	$ 3,840
Total liabilities	$ 138	$ 58,823,332	$ 58,819,630	$ 3,840
STATE INCOME TAX WITHHOLDING FUND				
ASSETS				
Cash	$ 335	$ 16,408,826	$ 16,409,036	$ 125
Total assets	$ 335	$ 16,408,826	$ 16,409,036	$ 125
LIABILITIES				
Due to depositories	$ 335	$ 16,408,826	$ 16,409,036	$ 125
Total liabilities	$ 335	$ 16,408,826	$ 16,409,036	$ 125
SOCIAL SECURITY TAX CONTRIBUTIONS AND WITHHOLDINGS FUND				
ASSETS				
Cash	$ -	$ 78,029,539	$ 78,029,539	$ -
Accounts receivable	10	3,589	-	3,599
Total assets	$ 10	$ 78,033,128	$ 78,029,539	$ 3,599
LIABILITIES				
Due to depositories	$ -	$ 78,029,539	$ 78,029,539	$ -
Interfund payable	10	3,589	-	3,599
Total liabilities	$ 10	$ 78,033,128	$ 78,029,539	$ 3,599
EMPLOYEES INSURANCE CONTRIBUTIONS AND WITHHOLDINGS FUND				
ASSETS				
Cash	$ 119	$ 134,567,451	$ 134,567,570	$ -
Total assets	$ 119	$ 134,567,451	$ 134,567,570	$ -
LIABILITIES				
Due to depositories	$ 119	$ 134,567,451	$ 134,567,570	$ -
Total liabilities	$ 119	$ 134,567,451	$ 134,567,570	$ -

See Independent Auditors' Report.

Continued on next page

STATE OF VERMONT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
EMPLOYEES DEFERRED INCOME WITHHOLDINGS FUND				
ASSETS				
Cash	$ -	$ 15,942,119	$ 15,942,119	$ -
Total assets	$ -	$ 15,942,119	$ 15,942,119	$ -
LIABILITIES				
Due to depositories	$ -	$ 15,942,119	$ 15,942,119	$ -
Total liabilities	$ -	$ 15,942,119	$ 15,942,119	$ -
OTHER EMPLOYEE CONTRIBUTIONS AND WITHHOLDINGS FUND				
ASSETS				
Cash	$ 20,930	$ 9,284,393	$ 9,206,665	$ 98,658
Accounts receivable	133,699	477,670	379,051	232,318
Total assets	$ 154,629	$ 9,762,063	$ 9,585,716	$ 330,976
LIABILITIES				
Due to depositories	$ 21,192	$ 9,449,452	$ 9,147,157	$ 323,487
Interfund payable	133,437	7,489	133,437	7,489
Total liabilities	$ 154,629	$ 9,456,941	$ 9,280,594	$ 330,976
VENDOR AND OTHER DEPOSITS FUND				
ASSETS				
Cash	$ 7,003,888	$ 44,649,862	$ 45,579,283	$ 6,074,467
Taxes receivable	2,030,344	2,098,768	2,030,344	2,098,768
Accounts receivable	1,100,546	1,075,771	1,100,436	1,075,881
Total assets	$ 10,134,778	$ 47,824,401	$ 48,710,063	$ 9,249,116
LIABILITIES				
Amounts held in custody for others	$ 1,971,215	$ 10,810,659	$ 10,666,542	$ 2,115,332
Intergovernmental payables	6,846,357	32,568,241	33,879,260	5,535,338
Other liabilities	1,314,032	4,432,382	4,147,968	1,598,446
Interfund payable	3,174	-	3,174	-
Total liabilities	$ 10,134,778	$ 47,811,282	$ 48,696,944	$ 9,249,116
CHILD SUPPORT COLLECTIONS FUND				
ASSETS				
Cash	$ 715,052	$ 52,550,034	$ 52,622,501	$ 642,585
Accounts receivable	23,848	57,131	23,848	57,131
Total assets	$ 738,900	$ 52,607,165	$ 52,646,349	$ 699,716
LIABILITIES				
Amounts held in custody for others	$ 738,900	$ 52,607,165	$ 52,646,349	$ 699,716
Total liabilities	$ 738,900	$ 52,607,165	$ 52,646,349	$ 699,716
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash	$ 7,740,484	$ 526,916,632	$ 527,837,419	$ 6,819,697
Taxes receivable	2,030,344	2,098,768	2,030,344	2,098,768
Accounts receivable	1,258,103	1,614,161	1,503,335	1,368,929
Total assets	$ 11,028,931	$ 530,629,561	$ 531,371,098	$ 10,287,394
LIABILITIES				
Due to depositories	$ 21,806	$ 429,881,795	$ 429,576,127	$ 327,474
Amounts held in custody for others	2,710,115	63,417,824	63,312,891	2,815,048
Intergovernmental payables	6,846,357	32,568,241	33,879,260	5,535,338
Other liabilities	1,314,032	4,432,382	4,147,968	1,598,446
Interfund payable	136,621	11,078	136,611	11,088
Total liabilities	$ 11,028,931	$ 530,311,320	$ 531,052,857	$ 10,287,394

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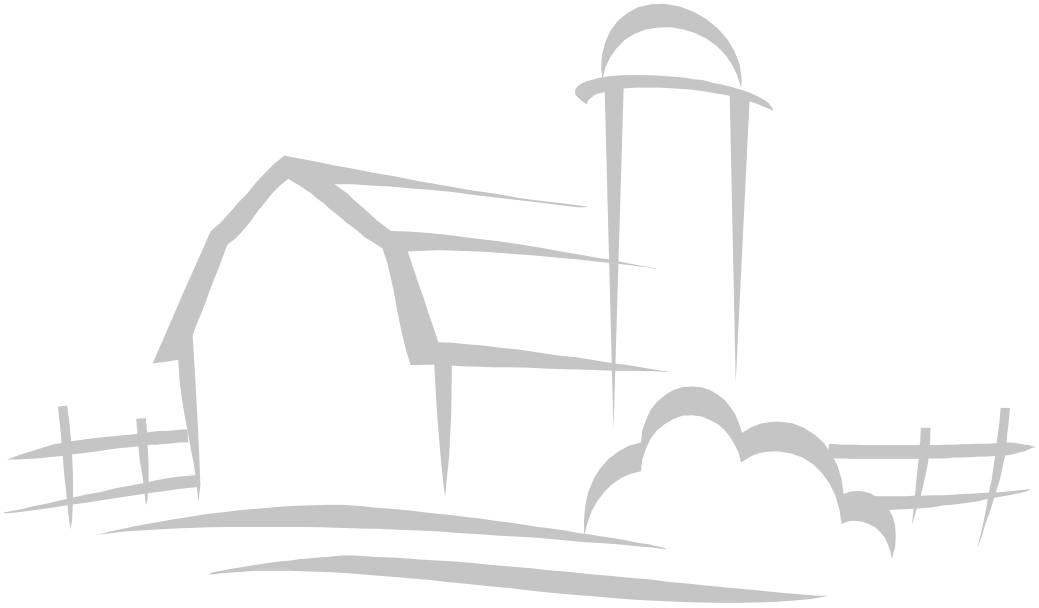

Vermont

Vermont Economic Development Authority – This is a tax-exempt entity whose purpose is to promote economic prosperity within the State of Vermont by providing capital and direct financing to eligible borrowers.

Vermont Housing & Conservation Board – This is a not for profit entity whose mission is to create affordable housing for Vermonters and to conserve and protect agricultural, historic, natural and recreational sites within Vermont.

Vermont Sustainable Jobs Fund – This is a not for profit entity set up to implement a jobs program.

Vermont Municipal Bond Bank – The Bond Bank's purpose is to create large bond issues on behalf of the States' municipalities and loan the proceeds back to the participating municipalities.

Vermont Educational and Health Buildings Financing Agency – This purpose of this agency is to provide tax -exempt financing to libraries, educational and healthcare providers to assist in the purchase and construction of real and personal property.

Vermont Veterans' Home – The Vet's home provides care to those that have given to their country and the State of Vermont.

Vermont Rehabilitation Corporation – This not for profit organization's purpose is to provide funding to farmers to reduce their investment costs in an effort to help them be successful.

Vermont Telecommunications Authority – This tax-exempt entity was created for the purposes of ensuring that all regions of the State have access to affordable broadband and mobile telecommunications services and promoting and facilitating ongoing upgrades in statewide telecommunications infrastructure in the most efficient and economically feasible manner.

Vermont Transportation Authority—This entity was established to acquire, operate and support authorized transportation facilities as defined by 29 V.S,A. 701. The VTA is currently inactive.

STATE OF VERMONT
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED NON-MAJOR COMPONENT UNITS
JUNE 30, 2015

	Vermont Economic Development Authority 6/30/2015	Vermont Housing & Conservation Board 6/30/2015	Vermont Sustainable Jobs Fund 6/30/2015	Vermont Municipal Bond Bank 12/31/2014	Vermont Educational and Health Buildings Financing Agency 12/31/2014
ASSETS					
Current Assets					
Cash and cash equivalents	$ 4,386,000	$ 12,886,539	$ 744,259	$ 9,716,170	$ 83,356
Investments	6,095,000	-	-	11,066,650	1,356,442
Accounts receivable, net	-	-	-	14,240	-
Accrued interest receivable - loans	335,000	-	-	2,081,694	-
Loans and notes receivable - current portion	32,900,000	300,104	-	49,176,408	-
Other receivables	-	96,653	392,730	-	-
Due from federal government	-	2,628,323	-	-	-
Due from primary government	395,000	-	-	-	-
Inventories, at cost	-	-	-	-	-
Other current assets	857,000	-	18,864	-	-
Total current assets	44,968,000	15,911,619	1,155,853	72,055,162	1,439,798
Restricted and Noncurrent Assets					
Cash	1,943,000	-	-	3,130,844	-
Investments	24,746,000	-	514,927	55,898,580	-
Loans and notes receivable, net	169,718,000	167,984,506	-	528,204,745	-
Other assets	-	23,402,168	75,000	-	-
Total restricted and noncurrent assets	196,407,000	191,386,674	589,927	587,234,169	-
Capital Assets					
Land	500,000	-	-	-	-
Construction in progress	-	-	-	-	-
Capital assets being depreciated					
Buildings and leasehold improvements	5,916,000	225,145	14,632	-	-
Equipment, furniture and fixtures	1,309,000	84,689	38,629	-	-
Less accumulated depreciation	(2,103,000)	(147,360)	(31,183)	-	-
Total capital assets, net of depreciation	5,622,000	162,474	22,078	-	-
Total assets	246,997,000	207,460,767	1,767,858	659,289,331	1,439,798
Deferred Outflows of Resources					
Loss on refunding of bonds payable	-	-	-	18,330,775	-
Pension related outflows	-	-	-	-	-
Total deferred outflows of resources	-	-	-	18,330,775	-
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	801,126	387,944	118,906	19,911	12,178
Accrued interest payable	189,000	-	-	-	-
Bond interest payable	-	-	-	2,229,876	-
Unearned revenue	295,000	-	-	-	-
Other current liabilities	393,000	-	345,814	-	-
Current portion of long-term liabilities	161,713,000	-	-	50,450,140	-
Due to primary government	-	2,303,009	-	-	-
Escrowed cash deposits	169,000	-	-	-	-
Advances from primary government	5,731,874	-	-	-	-
Total current liabilities	169,292,000	2,690,953	464,720	52,699,927	12,178
Noncurrent Liabilities					
Bonds and notes payable	18,876,000	271,695	-	588,886,237	-
Accrued arbitrge rebate	-	-	-	192,176	-
Net pension liabilities	-	-	-	-	-
Other noncurrent liabilities	-	-	-	-	-
Total noncurrent liabilities	18,876,000	271,695	-	589,078,413	-
Total liabilities	188,168,000	2,962,648	464,720	641,778,340	12,178
Deferred Inflows of Resources					
Pension related inflows	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
NET POSITION					
Net investment in capital assets	3,047,000	162,474	22,078	-	-
Restricted					
Interest rate subsidies	349,000	-	-	-	-
Investment in limited partnerships	4,229,000	-	-	-	-
Collateral for commercial paper program	20,091,000	-	-	-	-
Infrastructure investments	-	-	-	-	-
Project and program commitments	1,705,000	11,517,294	601,233	23,085,747	-
Loans receivable	-	192,485,064	-	-	-
Unrestricted	29,408,000	333,287	679,827	12,756,019	1,427,620
Total net position	$ 58,829,000	$ 204,498,119	$ 1,303,138	$ 35,841,766	$ 1,427,620

See Independent Auditors' Report.

Vermont Veterans' Home 6/30/2015	Vermont Rehabilitation Corporation 6/30/2015	Vermont Telecommunications Authority 6/30/2015	Total Non-major Component Units
$ 50	$ -	$ 4,301,720	$ 32,118,094
-	-	-	18,518,092
1,653,825	-	-	1,668,065
-	-	-	2,416,694
-	-	-	82,376,512
26,600	-	38,795	554,778
1,090,984	-	475,271	4,194,578
-	-	-	395,000
107,110	-	167,174	274,284
-	-	-	875,864
2,878,569	-	4,982,960	143,391,961
-	-	-	5,073,844
-	-	-	81,159,507
-	-	-	865,907,251
6,577	-	-	23,483,745
6,577	-	-	975,624,347
349,486	-	-	849,486
136,320	-	3,949,337	4,085,657
27,339,038	-	-	33,494,815
3,641,760	-	2,521,634	7,595,712
(18,602,843)	-	(212,176)	(21,096,562)
12,863,761	-	6,258,795	24,929,108
15,748,907	-	11,241,755	1,143,945,416
-	-	-	18,330,775
933,858	-	-	933,858
933,858	-	-	19,264,633
1,334,417	-	1,083,364	3,757,846
-	-	-	189,000
-	-	-	2,229,876
-	-	-	295,000
235,356	-	-	974,170
-	-	-	212,163,140
622,180	-	-	2,925,189
-	-	-	169,000
-	-	-	5,731,874
2,191,953	-	1,083,364	228,435,095
-	-	-	608,033,932
-	-	-	192,176
6,204,576	-	-	6,204,576
6,124	-	-	6,124
6,210,700	-	-	614,436,808
8,402,653	-	1,083,364	842,871,903
1,941,609	-	-	1,941,609
1,941,609	-	-	1,941,609
12,863,761	-	6,258,795	22,354,108
-	-	-	349,000
-	-	-	4,229,000
-	-	-	20,091,000
-	-	3,557,774	3,557,774
-	-	-	36,909,274
-	-	-	192,485,064
(6,525,258)	-	341,822	38,421,317
$ 6,338,503	$ -	$ 10,158,391	$ 318,396,537

STATE OF VERMONT
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED NON-MAJOR COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2015

	Vermont Economic Development Authority 6/30/2015	Vermont Housing & Conservation Board 6/30/2015	Vermont Sustainable Jobs Fund 6/30/2015	Vermont Municipal Bond Bank 12/31/2014	Vermont Educational and Health Buildings Financing Agency 12/31/2014
Expenses					
Salaries and benefits	$ 3,484,000	$ 2,617,990	$ 736,772	$ 106,689	$ 48,257
Other expenses	3,349,000	12,467,402	594,070	25,265,094	154,125
Depreciation	362,000	25,457	9,312	-	-
Interest on debt	1,642,000	-	-	-	-
Total expenses	8,837,000	15,110,849	1,340,154	25,371,783	202,382
Program Revenues					
Charges for services	7,939,000	1,950,013	131,448	21,971,620	154,325
Operating grants and contributions	4,624,000	10,857,943	1,447,678	-	-
Total program revenues	12,563,000	12,807,956	1,579,126	21,971,620	154,325
Net revenue (expense)	3,726,000	(2,302,893)	238,972	(3,400,163)	(48,057)
General revenues					
Property transfer tax	-	14,954,840	-	-	-
Investment income	464,000	13,741	390,761	4,946,125	56,705
Miscellaneous	-	227,189	-	538,359	-
Total general revenues	464,000	15,195,770	390,761	5,484,484	56,705
Changes in net position	4,190,000	12,892,877	629,733	2,084,321	8,648
Net position - beginning, as restated	54,639,000	191,605,242	673,405	33,757,445	1,418,972
Net position - ending	$ 58,829,000	$ 204,498,119	$ 1,303,138	$ 35,841,766	$ 1,427,620

See Independent Auditor's Report

Vermont Veterans' Home 6/30/2015	Vermont Rehabilitation Corporation 6/30/2015	Vermont Telecommunications Authority 6/30/2015	Total Non-major Component Units
$ 14,112,019	$ -	$ 829,720	$ 21,935,447
5,289,641	236,381	4,860,001	52,215,714
1,185,994	-	140,755	1,723,518
-	-	-	1,642,000
20,587,654	236,381	5,830,476	77,516,679
15,587,276	-	-	47,733,682
6,509,780	-	7,007,777	30,447,178
22,097,056	-	7,007,777	78,180,860
1,509,402	(236,381)	1,177,301	664,181
-	-	-	14,954,840
-	133	6,642	5,878,107
156	-	-	765,704
156	133	6,642	21,598,651
1,509,558	(236,248)	1,183,943	22,262,832
4,828,945	236,248	8,974,448	296,133,705
$ 6,338,503	$ -	$ 10,158,391	$ 318,396,537

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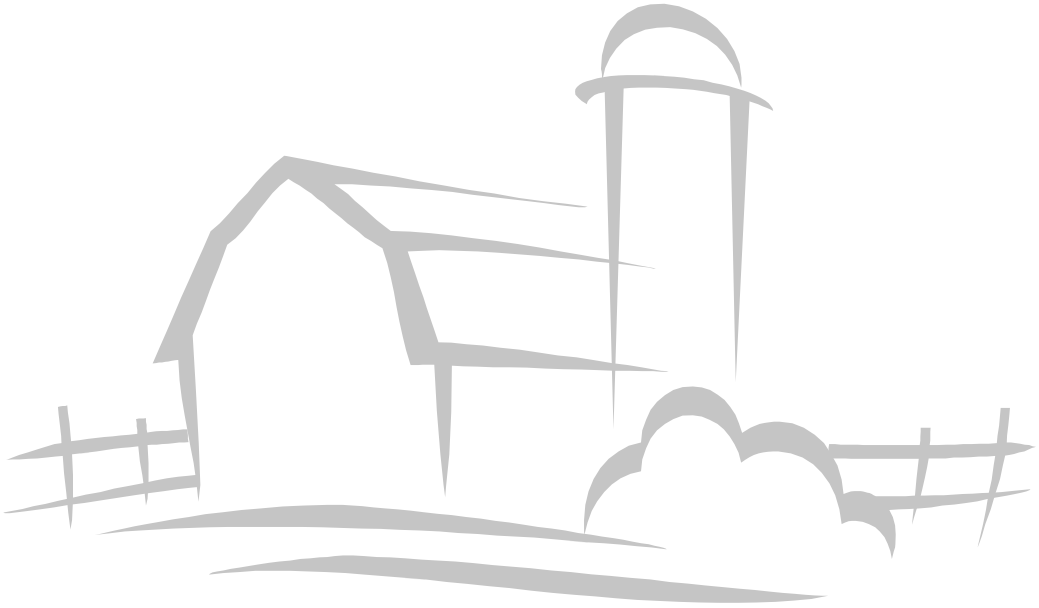

Vermont

STATISTICAL SECTION CONTENTS
JUNE 30, 2015

The Statistical Section of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicates about the State of Vermont's overall financial health. Below is a summary of the components and purpose of the tables provided in this section.

Financial Trends – Tables 1 through 4
These schedules contain trend information extracted from the State's financial statements, to help the reader understand how the State's financial performance and financial position have changed over time.

Revenue Capacity – Tables 5 through 7
These schedules contain information to help the reader assess the State's most significant revenue source – the personal income tax.

Debt Capacity – Tables 8 and 9
These schedules present information to help the reader assess the affordability of the State's current levels of outstanding debt, the State's ability to issue additional debt in the future, and related historical trend data.

Demographic and Economic Information – Tables 10 and 11
These schedules contain demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

Operating Indicators – Tables 12 through 14
These schedules contain service levels and capital asset data to help the reader understand how the information in the State's financial report relates to the services the State provides to its citizens and visitors.

This information is unaudited.

STATE OF VERMONT
Statistical Section - Table 1
Financial Trends
Net Position by Component, Last Ten Fiscal Years
(accrual basis of accounting)
(expressed in thousands)

	2015	2014	2013	2012
Primary Government				
Governmental Activities				
Net investment in capital assets	$ 2,184,684	$ 2,010,724	$ 1,781,928	$ 1,727,652
Restricted	609,149	579,356	605,531	499,377
Unrestricted	(2,050,617)	(856,544)	(758,397)	(582,203)
Total governmental activities net position	743,216	1,733,536	1,629,062	1,644,826
Business-type Activities				
Net investment in capital assets	2,166	985	682	745
Restricted	221,946	149,345	86,006	26,216
Unrestricted	3,586	7,086	6,811	5,244
Total business-type activities net position	227,698	157,416	93,499	32,205
Primary Government Totals				
Net investment in capital assets	2,186,850	2,011,709	1,782,610	1,728,397
Restricted	831,095	728,701	691,537	525,593
Unrestricted	(2,047,031)	(849,458)	(751,586)	(576,959)
Total primary government net position	$ 970,914	$ 1,890,952	$ 1,722,561	$ 1,677,031
Discretely Presented Component Units				
Net investment in capital assets	$ 169,077	$ 163,417	$ 172,470	$ 142,584
Restricted	831,553	811,175	751,082	803,221
Unrestricted	125,125	167,184	180,383	126,560
Total discretely presented component units net position	$ 1,125,755	$ 1,141,776	$ 1,103,935	$ 1,072,365

See Independent Auditor's Report

2011	2010	2009	2008	2007	2006
$ 1,607,970	$ 1,456,846	$ 1,318,708	$ 1,245,908	$ 1,161,200	$ 1,080,092
491,166	117,250	121,701	117,117	143,355	167,490
(505,129)	(254,502)	(280,552)	(112,440)	(27,414)	(85,684)
1,594,007	1,319,594	1,159,857	1,250,585	1,277,141	1,161,898
857	944	937	584	412	372
-	963	78,452	169,206	194,832	209,321
(6,476)	3,057	3,656	3,328	3,743	4,015
(5,619)	4,964	83,045	173,118	198,987	213,708
1,608,827	1,457,790	1,319,645	1,246,492	1,161,612	1,080,464
491,166	118,213	200,153	286,323	338,187	376,811
(511,605)	(251,445)	(276,896)	(109,112)	(23,671)	(81,669)
$ 1,588,388	$ 1,324,558	$ 1,242,902	$ 1,423,703	$ 1,476,128	$ 1,375,606
$ 145,157	$ 139,623	$ 190,955	$ 171,918	$ 165,901	$ 165,431
807,031	728,751	610,237	605,214	606,080	516,629
141,397	130,072	116,630	180,870	231,293	239,323
$ 1,093,585	$ 998,446	$ 917,822	$ 958,002	$ 1,003,274	$ 921,383

STATE OF VERMONT
Statistical Section - Table 2
Financial Trends
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)
(expressed in thousands)

	2015	2014	2013	2012
Governmental activities				
Expenses				
General government	$ 132,709	$ 139,920	$ 176,506	$ 185,484
Protection to persons and property	347,503	344,315	348,122	328,292
Human services	2,445,968	2,271,233	2,210,850	2,013,616
Labor	31,115	30,580	34,795	30,004
General education	1,881,413	1,803,049	1,735,794	1,680,443
Natural resources	104,427	105,590	94,616	91,452
Commerce and community development	38,024	44,004	33,763	38,782
Transportation	433,567	425,563	479,411	542,055
Public service enterprises	-	-	-	-
Interest on long-term debt	17,122	11,259	20,948	19,776
Total expenses	5,431,848	5,175,513	5,134,805	4,929,904
Program revenues				
Charges for services				
General government	36,797	33,744	31,204	50,734
Protection to persons and property	168,306	165,869	163,635	144,071
Human services	26,917	31,886	64,336	34,765
Natural resources	33,502	32,139	30,662	26,915
Transportation	122,617	120,607	123,249	121,345
Other	25,692	23,495	19,180	17,048
Operating grants and contributions	1,895,061	1,775,500	1,739,160	1,590,271
Capital grants and contributions	214,747	190,092	152,851	306,956
Total program revenues	2,523,639	2,373,332	2,324,277	2,292,105
Total governmental activities net program expense	(2,908,209)	(2,802,181)	(2,810,528)	(2,637,799)
General revenues and other changes in net position				
Taxes				
Personal and corporate income	846,960	743,818	760,334	696,664
Sales and use	366,748	355,569	348,137	347,283
Meals and rooms	152,274	143,473	136,623	128,592
Purchase and use	97,192	91,922	83,618	81,909
Motor fuel	34,607	58,051	61,375	61,791
Statewide property	1,022,319	974,466	932,973	913,639
Other taxes	478,850	475,368	411,663	397,012
Unrestricted investment earnings	419	1,229	1,240	998
Tobacco litigation settlement	33,566	37,278	34,514	34,519
Miscellaneous	1,126	1,159	4,700	3,254
Transfers	24,629	24,322	23,953	22,958
Total general revenues and other changes in net position	3,058,690	2,906,655	2,799,130	2,688,619
Total governmental activities change in net positon	$ 150,481	$ 104,474	$ (11,398)	$ 50,820

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2011	2010	2009	2008	2007	2006
$ 161,192	$ 169,294	$ 116,802	$ 101,536	$ 114,688	$ 110,055
325,959	266,916	280,434	259,691	255,621	233,163
1,969,294	1,861,517	1,750,911	1,652,680	1,518,969	1,445,868
32,194	35,774	29,071	28,020	24,740	21,154
1,670,517	1,688,315	1,657,335	1,614,447	1,622,441	1,555,674
106,875	73,004	98,136	95,657	85,901	82,814
48,206	71,762	33,310	36,954	31,947	32,252
390,837	324,660	308,457	310,702	307,899	301,626
-	2,732	3,894	4,503	1,890	1,994
20,888	18,599	18,714	19,361	20,072	21,047
4,725,962	4,512,573	4,297,064	4,123,551	3,984,168	3,805,647
22,092	22,037	23,076	20,973	52,384	46,749
150,756	137,883	151,730	112,100	115,546	97,700
22,759	20,498	22,311	15,683	14,807	33,475
24,974	23,934	23,749	25,514	23,078	23,868
119,422	108,229	81,435	86,370	86,295	74,646
16,956	15,330	15,838	12,857	7,511	4,789
1,703,947	1,669,593	1,315,550	1,182,605	1,083,832	1,072,042
314,577	232,155	165,844	151,735	167,181	128,658
2,375,483	2,229,659	1,799,533	1,607,837	1,550,634	1,481,927
(2,350,479)	(2,282,914)	(2,497,531)	(2,515,714)	(2,433,534)	(2,323,720)
677,862	563,170	572,032	698,305	679,886	612,566
323,353	316,755	317,599	336,164	332,314	327,075
122,558	118,926	117,842	119,758	116,888	111,570
76,994	69,828	65,862	79,084	80,591	80,987
63,712	64,061	64,303	65,080	65,427	67,580
917,936	909,758	876,408	798,905	878,714	813,588
379,269	333,770	326,519	317,438	331,017	317,187
2,966	3,448	2,636	8,732	11,286	7,426
33,864	36,216	42,879	38,236	24,986	24,057
4,159	3,364	2,178	3,555	3,432	2,277
22,026	23,355	21,945	23,900	24,236	23,548
2,624,699	2,442,651	2,410,203	2,489,157	2,548,777	2,387,861
$ 274,220	$ 159,737	$ (87,328)	$ (26,557)	$ 115,243	$ 64,141

continued on next page

STATE OF VERMONT
Statistical Section - Table 2
Financial Trends
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)
(expressed in thousands)

	2015	2014	2013	2012
Business-type activities				
Expenses				
Vermont Lottery Commission	$ 88,832	$ 79,875	$ 79,210	$ 78,556
Liquor Control	57,176	55,218	52,151	50,519
Unemployment Compensation	77,245	87,783	109,211	139,340
Other	7,080	7,202	6,218	5,394
Total expenses	230,333	230,078	246,790	273,809
Program revenues				
Charges for services				
Vermont Lottery Commission	111,759	102,312	102,089	100,931
Liquor Control	59,504	57,343	54,781	51,700
Unemployment Compensation	145,660	143,987	148,866	138,550
Other	6,627	6,666	6,065	5,011
Operating grants and contributions	1,459	5,928	19,705	38,239
Total program revenues	325,009	316,236	331,506	334,431
Total busines-type activities net program expense	94,676	86,158	84,716	60,622
General revenues and other changes in net position				
Unrestricted investment earnings	3,687	2,079	514	160
Miscellaneous	11	-	18	-
Capital asset transfers	-	-	-	-
Transfers	(24,629)	(24,321)	(23,953)	(22,958)
Total general revenues and other changes in net position	(20,931)	(22,242)	(23,421)	(22,798)
Total business-type activities change in net position	$ 73,745	$ 63,916	$ 61,295	$ 37,824
Total primary government change in net position	$ 224,226	$ 168,390	$ 49,897	$ 88,644
Component units				
Expenses				
Vermont Student Assistance Corporation	$ 84,801	$ 85,695	$ 105,927	$ 101,216
University of Vermont and State Agricultural College	658,746	652,107	642,630	614,136
Vermont State Colleges	195,711	201,204	200,920	191,327
Vermont Housing Finance Agency	24,312	27,165	38,291	37,065
Other	77,517	93,898	90,217	88,973
Total expenses	1,041,087	1,060,069	1,077,985	1,032,717
Program revenues				
Charges for services				
Vermont Student Assistance Corporation	49,627	55,462	58,349	59,239
University of Vermont and State Agricultural College	393,763	374,032	368,358	359,596
Vermont State Colleges	118,629	119,477	119,811	117,848
Vermont Housing Finance Agency	840	1,032	792	704
Other	47,734	51,271	45,531	47,463
Operating grants and contributions	370,035	384,000	385,610	361,803
Capital grants and contributions	3,058	3,386	18,609	9,836
Total program revenues	983,686	988,660	997,060	956,489
Total component units net program expense	(57,401)	(71,409)	(80,925)	(76,228)
General revenues and other changes in net position				
Taxes	14,955	14,014	13,689	8,047
Unrestricted investment earnings	36,998	98,110	86,835	44,142
Other	2,526	3,373	20,535	10,589
Total general revenues and other changes in net position	54,479	115,497	121,059	62,778
Total component units changes in net position	$ (2,922)	$ 44,088	$ 40,134	$ (13,450)

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2011	2010	2009	2008	2007	2006
$ 74,147	$ 75,940	$ 74,895	$ 79,596	$ 81,225	$ 82,263
47,928	47,059	46,377	45,312	43,187	40,512
190,679	293,674	214,561	98,955	94,396	85,483
4,761	1,943	2,471	3,140	2,937	2,948
317,515	418,616	338,304	227,003	221,745	211,206
95,543	97,485	95,983	102,001	104,551	104,879
50,249	47,986	47,789	45,927	43,994	41,480
116,323	215,334	117,920	65,327	70,821	57,428
4,423	1,738	2,341	3,027	2,599	2,649
62,445	-	-	-	-	-
328,983	362,543	264,033	216,282	221,965	206,436
11,468	(56,073)	(74,271)	(10,721)	220	(4,770)
(23)	1,417	6,035	8,740	9,286	9,832
12	-	9	11	9	8
-	-	-	-	-	-
(22,026)	(23,355)	(21,945)	(23,900)	(24,236)	(23,548)
(22,037)	(21,938)	(15,901)	(15,149)	(14,941)	(13,708)
$ (10,569)	$ (78,011)	$ (90,172)	$ (25,870)	$ (14,721)	$ (18,478)
$ 263,651	$ 81,726	$ (177,500)	$ (52,427)	$ 100,522	$ 45,663
$ 111,490	$ 123,148	$ 153,088	$ 199,476	$ 176,918	$ 154,884
609,156	581,900	577,357	559,961	505,403	453,127
184,785	179,282	165,975	154,615	141,662	135,103
40,224	43,487	51,877	NA	NA	NA
69,851	64,479	74,103	65,527	70,646	61,848
1,015,506	992,296	1,022,400	979,579	894,629	804,962
63,072	63,758	82,628	106,106	106,540	84,537
344,995	331,072	314,917	290,105	262,342	241,837
113,624	111,308	105,179	95,772	91,035	83,361
1,153	1,121	728	NA	NA	NA
47,990	46,144	44,077	45,211	44,386	41,441
379,585	372,492	337,110	344,598	343,609	335,395
17,535	59,243	11,847	14,506	19,094	10,651
967,954	985,138	896,486	896,298	867,006	797,222
(47,552)	(7,158)	(125,914)	(83,281)	(27,623)	(7,740)
6,102	6,101	12,464	15,483	13,764	15,671
117,674	49,250	(13,250)	19,393	93,754	55,018
18,916	32,381	2,263	2,048	1,504	891
142,692	87,732	1,477	36,924	109,022	71,580
$ 95,140	$ 80,574	$ (124,437)	$ (46,357)	$ 81,399	$ 63,840

STATE OF VERMONT
Statistical Section - Table 3
Financial Trends
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(expressed in thousands)

	2015	2014	2013	2012
General Fund (GASB 54)				
Nonspendable	$ 106,283	$ 92,613	$ 1,739	$ 2,059
Restricted	-	-	-	-
Committed	-	-	-	18,502
Assigned	5,797	6,456	5,274	6,834
Unassigned	20,960	26,062	152,171	150,986
General Fund (before GASB 54)			-	-
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total General Fund	$ 133,040	$ 125,131	$ 159,184	$ 178,381
All Other Governmental Funds (GASB 54)				
Nonspendable	$ 7,416	$ 7,416	$ 7,416	$ 7,416
Restricted	605,045	569,971	579,996	482,743
Committed	210,094	210,014	194,159	200,626
Assigned	-	-	-	-
Unassigned	(22,130)	(4,826)	(6,458)	(2,065)
All Other Governmental Funds (before GASB 54)			-	-
Reserved	-	-	-	-
Unreserved, reported in			-	-
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Permanent funds	-	-	-	-
Total All Other Governmental Funds	$ 800,425	$ 782,575	$ 775,113	$ 688,720

In 2011 the State implemented GASB Statement No. 54. Under GASB Statement No. 54, fund balances are classified as Nonspendable, Reserved, Committed, Assigned or Unassigned. Prior to GASB 54, fund balances were classified as Reserved or Unreserved. Amounts for fiscal years 2010 and earlier have not been restated to reclassify these balances.

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2011	2010	2009	2008	2007	2006
$ 2,204	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
60,165	-	-	-	-	-
5,364	-	-	-	-	-
146,642	-	-	-	-	-
-	-	-	-	-	-
-	67,159	103,187	101,265	94,973	93,133
-	72,503	46,713	54,458	68,057	68,317
$ 214,375	$ 139,662	$ 149,900	$ 155,723	$ 163,030	$ 161,450
$ 7,416	$ -	$ -	$ -	$ -	$ -
468,530	-	-	-	-	-
179,819	-	-	-	-	-
323	-	-	-	-	-
(1,331)	-	-	-	-	-
-	-	-	-	-	-
-	78,692	71,115	75,076	70,650	79,808
-	-	-	-	-	-
-	215,804	98,211	145,881	160,166	156,102
-	21,850	24,758	32,616	26,294	22,097
-	12,389	11,900	11,269	11,547	9,637
$ 654,757	$ 328,735	$ 205,984	$ 264,842	$ 268,657	$ 267,644

STATE OF VERMONT
Statistical Section - Table 4
Financial Trends
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(expressed in thousands)

	2015	2014	2013	2012
Revenues				
Taxes	$ 2,985,073	$ 2,867,311	$ 2,734,774	$ 2,604,185
Fees	124,482	105,764	131,497	116,636
Sales of services, rents and leases	15,060	23,031	25,011	21,009
Federal grants	2,087,160	1,938,208	1,865,540	1,887,156
Fines, forfeits and penalties	15,689	27,777	31,393	22,302
Investment income	1,794	5,575	3,794	2,993
Licenses	113,039	112,692	110,313	105,104
Special assessments	70,240	68,323	55,486	69,750
Other revenues	120,234	128,168	131,060	100,452
Total revenues	5,532,771	5,276,849	5,088,868	4,929,587
Expenditures				
General government	126,158	126,159	139,725	153,865
Protection to persons and property	343,144	324,341	321,811	318,406
Human services	2,442,992	2,325,405	2,211,947	2,008,480
Labor	30,199	28,986	34,000	17,728
General education	1,817,577	1,756,437	1,678,815	1,629,885
Natural resources	97,660	92,146	87,579	89,833
Commerce and community development	35,116	37,555	30,936	37,771
Transportation	558,226	520,760	507,219	633,113
Public service enterprises	-	-	-	-
Capital outlay	89,885	119,775	73,416	55,652
Debt service				
Interest	21,244	22,936	19,842	22,293
Principal	49,710	53,865	52,120	50,098
Total expenditures	5,611,911	5,408,365	5,157,410	5,017,124
Excess of revenues over (under) expenditures	(79,140)	(131,516)	(68,542)	(87,537)
Other financing sources (uses)				
Proceeds from the sale of bonds	73,555	78,975	104,005	63,000
Proceeds from the sale of refunding bonds	36,205	18,935	-	69,060
Premium on the sale of bonds	15,536	5,500	9,923	12,721
Payment to bond escrow agent	(39,935)	(20,046)	-	(79,022)
Transfers in	1,078,509	1,036,177	985,963	929,060
Transfers out	(1,059,147)	(1,014,615)	(963,675)	(909,314)
Total other financing sources (uses)	104,723	104,926	136,216	85,505
Net change in fund balances	$ 25,583	$ (26,590)	$ 67,674	$ (2,032)
Debt service as a percentage of noncapital expenditures	1.36%	1.54%	1.46%	1.51%

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2011	2010	2009	2008	2007	2006
$ 2,539,488	$ 2,370,547	$ 2,372,150	$ 2,409,101	$ 2,460,571	$ 2,337,341
105,503	85,052	82,561	61,444	70,221	52,813
18,218	21,002	23,723	17,697	13,724	13,455
2,008,105	1,926,853	1,426,347	1,317,932	1,243,958	1,195,619
17,729	21,446	27,089	21,972	19,315	19,172
6,337	5,553	4,056	11,994	17,317	11,469
103,479	102,449	94,517	96,079	92,593	82,772
60,474	65,675	59,196	44,802	29,062	27,320
90,179	79,185	86,115	80,021	71,338	58,328
4,949,512	4,677,762	4,175,754	4,061,042	4,018,099	3,798,289
140,016	139,166	96,344	85,545	66,605	63,455
302,765	265,368	265,402	250,028	247,732	227,085
1,956,180	1,857,822	1,717,878	1,637,940	1,521,057	1,433,190
19,551	19,781	13,565	27,056	24,488	21,090
1,618,734	1,623,796	1,583,191	1,533,340	1,609,653	1,513,712
100,830	95,142	111,567	97,321	97,456	93,673
35,435	70,515	19,941	35,465	30,608	30,843
536,660	448,047	379,344	369,815	379,347	321,421
-	2,732	3,893	4,502	1,890	1,994
78,421	73,584	56,289	37,208	37,035	43,063
23,754	22,727	23,369	22,083	23,033	21,959
48,158	48,015	48,090	46,615	46,097	45,272
4,860,504	4,666,695	4,318,873	4,146,918	4,085,001	3,816,757
89,008	11,067	(143,119)	(85,876)	(66,902)	(18,468)
89,400	72,000	50,500	46,000	44,500	45,000
-	42,310	-	29,195	-	-
1,602	1,457	1,850	798	305	744
-	(42,230)	-	(29,375)	-	-
783,696	1,332,246	1,328,985	1,212,740	1,092,593	1,155,078
(758,137)	(1,304,333)	(1,302,897)	(1,184,603)	(1,067,903)	(1,133,889)
116,561	101,450	78,438	74,755	69,495	66,933
$ 205,569	$ 112,517	$ (64,681)	$ (11,121)	$ 2,593	$ 48,465
1.57%	1.59%	1.72%	1.72%	1.77%	1.83%

STATE OF VERMONT
Statistical Section - Table 5
Revenue Capacity
Personal Income and Earnings by Major Industry
Last Ten Fiscal Years
(expressed in thousands)

	2015 (1)	2014	2013	2012
Total personal income	$ 29,671,996	$ 29,090,044	$ 28,107,555	$ 27,729,733
Earnings	*19,808,554*	*19,608,483*	*18,998,987*	*18,497,338*
Farm earnings	191,728	307,631	241,947	181,800
Non-farm earnings	19,616,826	19,300,852	18,757,040	18,315,538
Private earnings	*15,699,598*	*15,482,580*	*15,054,256*	*14,771,983*
Forestry, fishing and related activities	94,179	83,382	76,536	78,713
Mining	44,465	44,435	45,141	46,086
Utilities	347,132	276,763	267,709	258,114
Construction	1,454,151	1,397,518	1,298,078	1,303,045
Manufacturing	*2,167,975*	*2,205,482*	*2,232,849*	*2,248,813*
Durable goods	1,439,879	1,521,958	1,596,957	1,637,957
Nondurable goods	728,096	683,524	635,892	610,856
Wholesale trade	678,883	664,059	663,676	661,105
Retail trade	1,488,901	1,491,821	1,447,630	1,401,077
Transportation and warehousing	390,054	404,481	394,474	396,173
Information	321,953	347,690	329,740	314,625
Finance and insurance	853,941	827,641	804,195	808,375
Real estate, rental and leasing	323,623	311,244	307,957	324,967
Professional and technical services	1,489,464	1,445,300	1,422,049	1,391,694
Management of companies and enterprises	214,433	216,091	197,359	187,742
Administrative and waste services	552,710	568,620	528,185	485,432
Education services	623,954	621,118	594,360	585,046
Healthcare and social assistance	2,810,150	2,786,027	2,739,385	2,639,039
Arts, entertainment and recreation	162,574	169,856	161,492	149,347
Accomodations and food services	925,481	880,624	834,601	789,243
Other services, except public administration	755,575	740,428	708,840	703,347
Government and government enterprises	*3,917,228*	*3,818,272*	*3,702,784*	*3,543,555*
Federal, civilian	697,011	666,657	638,019	615,590
Military	152,727	145,377	147,519	153,253
State and local	*3,067,490*	*3,006,238*	*2,917,246*	*2,774,712*
State	N/A	1,276,163	1,225,810	1,149,759
Local	N/A	1,730,075	1,691,436	1,624,953
Other personal income [2]	9,863,442	9,481,561	9,108,568	9,232,395
Averge effective tax rate [3]	N/A	2.33%	2.24%	2.24%

(1) Data for 2015 are projected annual estimates based on information through 2015 second quarter. The estimates for 2011 and forward are based on the 2012 North American Industry Classification System ("NAICS"). Prior years are based on the 2002 NAICS.
(2) Includes non-earned income, such as interest and dividends, rental income, and government transfers to individuals.
(3) Total direct tax rate is not available. Average effective tax rate equals personal income tax collections (see Statistical Section Table 6) divided by total personal income. Source of collections data: Vermont Department of Taxes

Source: U.S. Department of Commerce, Bureau of Economic Analysis

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2011	2010	2009	2008	2007	2006
$ 26,771,396	$ 25,073,118	$ 24,535,499	$ 25,035,599	$ 23,979,255	$ 22,796,077
17,955,200	*17,047,650*	*16,587,083*	*16,995,743*	*16,573,850*	*16,096,049*
203,652	123,511	54,514	146,060	218,440	117,737
17,751,548	16,924,139	16,532,569	16,849,683	16,355,410	15,978,312
14,197,404	*13,545,308*	*13,224,932*	*13,605,781*	*13,257,680*	*12,985,492*
71,255	78,069	62,485	62,859	64,602	71,834
43,760	41,999	45,037	52,590	55,210	53,852
259,339	245,353	223,761	227,843	213,120	198,497
1,239,126	1,158,590	1,134,266	1,196,804	1,291,502	1,362,100
2,144,584	*2,090,325*	*2,065,282*	*2,276,075*	*2,264,107*	*2,185,612*
1,608,103	1,577,650	1,571,035	1,753,909	1,763,170	1,691,455
536,481	512,675	494,247	522,166	500,937	494,157
667,475	628,947	621,183	655,353	639,044	620,199
1,410,241	1,363,485	1,337,829	1,389,340	1,385,613	1,382,596
396,441	368,745	365,365	379,550	387,575	380,353
333,739	322,199	338,722	339,894	339,538	323,209
803,291	775,769	751,307	771,814	766,542	720,867
278,935	236,442	208,401	166,478	149,851	177,799
1,344,094	1,289,706	1,229,540	1,281,222	1,185,657	1,172,188
136,666	84,954	72,926	71,938	13,954	14,474
434,316	383,144	385,642	387,885	363,699	345,588
561,423	537,279	547,173	531,437	498,510	477,975
2,546,220	2,484,396	2,421,134	2,362,498	2,176,294	2,044,122
139,511	136,574	130,572	132,534	131,619	131,277
743,392	697,912	677,903	710,005	694,579	676,238
643,596	621,420	606,404	609,662	636,664	646,712
3,554,144	*3,378,831*	*3,307,637*	*3,243,902*	*3,097,730*	*2,992,820*
600,012	580,469	553,353	521,770	482,004	467,134
160,862	171,443	169,679	150,244	131,109	127,885
2,793,270	*2,626,919*	*2,584,605*	*2,571,888*	*2,484,617*	*2,397,801*
1,150,219	1,085,373	1,084,918	1,111,770	1,062,293	1,022,357
1,643,051	1,541,546	1,499,687	1,460,118	1,422,324	1,375,444
8,816,196	8,025,468	7,948,416	8,039,856	7,405,405	6,700,028
2.14%	2.09%	2.07%	2.19%	2.45%	2.43%

STATE OF VERMONT
Statistical Section - Table 6
Revenue Capacity
Personal Income Tax Rates and Tax Calculations
Last Ten Calendar Years

Calendar Year		Tax Rates for Taxable Income Within Range, Single Filing Status [1] 3.55%	6.80%	7.80%	8.80%	8.95%	Tax Collections (000's)	Personal Income [4] (000's)	Average Effective Tax Rate
2014		$0 - $36,900	$36,900 - $89,350	$89,350 - $186,350	$186,350 - $405,100	> $405,100	$ 678,330	$ 29,090,044	2.33%
2013		$0 - $36,250	$36,251 - $87,850	$87,851 - $183,250	$183,251 - $398,350	> $398,350	$ 630,337	$ 28,107,555	2.24%
2012		$0 - $35,350	$35,351 - $85,650	$85,651 - $178,650	$178.651 - $388,350	> $388,350	$ 622,109	$ 27,729,733	2.24%
2011	[2]	$0 - $34,000	$34,001 - $83,600	$83,601 - $174,400	$174,401 - $379,150	> $379,150	$ 573,429	$ 26,771,396	2.14%
2010	[3]	$0 - $34,000	$34,001 - $82,400	$82,401 - $171,850	$171,851 - $373,650	> $373,650	$ 524,170	$ 25,073,118	2.09%
2009	[3]	$0 - $33,950	$33,951 - $82,250	$82,251 - $171,550	$171,551 - $372,950	> $372,950	$ 507,525	$ 24,535,499	2.07%
2008	[3]	$0 - $32,550	$32,551 - $78,850	$78,851 - $164,550	$164,551 - $357,700	> $357,700	$ 548,983	$ 25,035,599	2.19%
2007	[3]	$0 - $31,850	$31,851 - $77,100	$77,101 - $160,850	$160,851 - $349,700	> $349,700	$ 588,335	$ 23,979,255	2.45%
2006	[3]	$0 - $30,650	$30,651 - $74,200	$74,201 - $154,800	$154,801 - $336,550	> $336,550	$ 553,846	$ 22,796,077	2.43%
2005	[3]	$0 - $29,700	$29,701 - $71,950	$71,951 - $150,150	$150,151 - $326,450	> $326,450	$ 507,701	$ 21,336,918	2.38%

[1] Different taxable income ranges apply to these rates for other filing statuses, including Married Filing Jointly, Married Filing Separately, Head of Household, etc.

[2] Commencing in 2010, the tax rates applied to the five income ranges for single status filers were 3.55%, 6.80%, 7.80%, 8.80% and 8.95%, respectively.

[3] For 2005 - 2009, the tax rates applied to the five income ranges for single status filers were 3.6%, 7.0%, 8.3%, 8.9%, and 9.4% respectively.

[4] See Statistical Section Table 5 for additional detail regarding personal income.

Source: Vermont Department of Taxes

See Independent Auditor's Report

STATE OF VERMONT
Statistical Section - Table 7
Revenue Capacity
Personal Income Tax Filers and Liability by Income Level
Calendar Years 2014 and 2005

	Calendar Year 2014 [1]				
Income Level	Number of Filers	Percentage of Total Filers	State Taxable Income [2]	State Personal Income Tax (net) [3]	Percentage of Total State
$300,000 and higher	3,303	0.92%	$ 2,510,836,226	$ 180,057,577	26.54%
$150,000 - $299,999	8,150	2.26%	1,618,569,686	92,613,278	13.65%
$100,000 - $149,999	13,581	3.77%	1,629,790,641	80,758,572	11.91%
$75,000 - $99,999	18,435	5.12%	1,585,663,042	69,907,065	10.31%
$50,000 - $74,999	34,970	9.71%	2,147,098,857	83,052,479	12.24%
$25,000 - $49,999	62,868	17.46%	2,274,983,580	80,475,926	11.86%
$10,000 - $24,999	57,267	15.91%	984,701,336	33,690,977	4.97%
$9,999 and lower	115,273	32.02%	227,351,177	8,153,033	1.20%
Out of State	46,194	12.83%	4,637,992,598	49,620,996	7.32%
Totals	360,041	100.00%	$ 17,616,987,143	$ 678,329,903	100.00%

	Calendar Year 2005				
Income Level	Number of Filers	Percentage of Total Filers	State Taxable Income [2]	State Personal Income Tax (net) [3]	Percentage of Total State
$300,000 and higher	1,917	0.56%	$ 1,422,317,219	$ 105,017,247	20.68%
$150,000 - $299,999	4,309	1.26%	871,430,544	55,942,889	11.02%
$100,000 - $149,999	7,452	2.17%	892,673,066	49,576,502	9.76%
$75,000 - $99,999	10,962	3.20%	937,869,357	46,676,052	9.19%
$50,000 - $74,999	29,513	8.61%	1,791,651,954	76,318,010	15.03%
$25,000 - $49,999	62,567	18.25%	2,248,477,624	82,653,503	16.28%
$10,000 - $24,999	63,948	18.65%	1,095,958,135	38,063,458	7.50%
$9,999 and lower	119,470	34.85%	267,001,932	9,269,333	1.83%
Out of State	42,716	12.45%	10,165,870,298	44,184,378	8.71%
Totals	342,854	100.00%	$ 19,693,250,129	$ 507,701,372	100.00%

[1] Information for Tax Year 2014 is preliminary data for returns processed through November 3, 2015.

[2] State Taxable Income is the total taxable income reported on line 15 less returns for taxpayers with an income adjustment of zero.

[3] State Personal Income Tax is net of taxable income adjustments, Vermont credits and other tax credits.

Source: Vermont Department of Taxes

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STATE OF VERMONT
Statistical Section - Table 8
Debt Capacity
Ratios of Outstanding Debt by Type, Last Ten Years
(Expressed in Thousands, Except per Capita)

	Governmental Activities							
Fiscal Year	General Obligation Current Interest Bonds	Special Obligation Current Interest Bonds	General Obligation Capital Appreciation Bonds [1]	Total Bonds	Capital Leases	Total Primary Government	Ratio of Debt to Personal Income [2]	Debt Per Capita [3]
2015	$ 585,200	$ 31,395	$ -	$ 616,595	$ 11,875	$ 628,470	2.12%	N/A
2014	560,850	32,865	-	593,715	1,630	595,345	2.05%	950
2013	545,390	23,090	1,945	570,425	2,054	572,479	2.04%	913
2012	502,715	13,260	3,542	519,517	3,619	523,136	1.89%	835
2011	489,445	13,835	6,296	509,576	4,340	513,916	1.92%	820
2010	459,935	-	12,856	472,791	4,820	477,611	1.90%	763
2009	433,975	-	19,007	452,982	4,908	457,890	1.87%	733
2008	429,360	-	25,110	454,470	384	454,854	1.82%	729
2007	426,415	-	30,840	457,255	600	457,855	1.91%	734
2006	425,060	-	36,214	461,274	741	462,015	2.03%	742

[1] Net of Unaccreted Interest

[2] See Statistical Section Table 5 for additional detail regarding personal income.

[3] See Statistical Section Table 10 for population statistics.

Note: The State has no constitutional or other limit on its power to issue obligations or incur indebtedness except for the requirement that borrowing only be for public purposes.

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STATE OF VERMONT
Statistical Section - Table 9
Debt Capacity
Ratios of General Obligation Bonded Debt Outstanding
Last Ten Fiscal Years*
(Expressed in Thousands, Except Per Capita)

Fiscal Year	General Obligation Bonded Debt	State Taxable Personal Income [1]	Ratio of General Bonded Debt to Taxable Personal Income	General Bonded Debt Per Capita [2]
2014	$ 560,850	$ 17,616,987	3.18%	$ 895
2013	547,335	18,496,577	2.96%	873
2012	506,257	18,992,772	2.67%	809
2011	495,741	18,059,852	2.74%	791
2010	472,791	17,528,441	2.70%	756
2009	452,982	15,488,787	2.92%	725
2008	454,470	17,348,455	2.62%	728
2007	457,255	22,158,713	2.06%	733
2006	461,274	20,159,272	2.29%	741
2005	463,390	19,693,250	2.35%	746

* State Taxable Personal Income is not available for the 2014 year, so the data reported here is for the ten years 2005-2013.

[1] Source: Vermont Department of Taxes.
[2] See Statistical Section Table 10 for population statistics.

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STATE OF VERMONT
Statistical Section - Table 10
Demographic and Economic Statistics
Population, Per Capita Personal Income, Civilian Labor Force,
Public School Enrollment, and Motor Vehicle Registration Data
Last Ten Years*

	Population [1]				Per Capita Personal Income [1]		
Year	U.S.	Change From Prior Period	State of Vermont	Change From Prior Period	U.S.	State of Vermont	Vermont as a Percentage of U.S.
2014	318,857,056	0.75%	626,562	-0.05%	$ 46,049	$ 46,428	100.82%
2013	316,497,531	0.76%	626,855	0.11%	44,438	44,839	100.90%
2012	314,112,078	0.77%	626,138	-0.05%	44,266	44,287	100.05%
2011	311,721,632	0.77%	626,450	0.11%	42,453	42,735	100.66%
2010	309,347,057	0.84%	625,792	0.16%	40,277	40,066	99.48%
2009	306,771,529	0.88%	624,817	0.11%	39,376	39,268	99.73%
2008	304,093,966	0.95%	624,151	0.11%	41,082	40,111	97.64%
2007	301,231,207	0.96%	623,481	0.09%	39,821	38,460	96.58%
2006	298,379,912	0.97%	622,892	0.27%	38,144	36,597	95.94%
2005	295,516,599	0.93%	621,215	0.21%	35,904	34,347	95.66%

* Most of the information for this table is not available for the 2015 year, so the data reported here is for the ten years 2005-2014. Some data previously reported for prior years has been modified to reflect updated estimates

(1) Source: Regional Economic Information System, Bureau of Economic Analysis, US Department of Commerce. Last updated September 30, 2015.

(2) Source: Local Area Unemployment Statistics, Vermont Department of Labor, Economic & Labor Market Information Not Seasonally Adjusted. Released April 29, 2015: 1990-2014 estimates revised for the LAUS redesign, and 2014 Benchmark is based on 2010 Census. Last updated September 18, 2015.

(3) Source: Vermont Department of Education, "Elementary/Secondary Public School Enrollment.

(4) Source: Vermont Department of Motor Vehicles, All Registered Vehicle Types; excludes agriculture vehicles, mototcycles and trailers; data is on a calendar year basis.

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Civilian Labor Force [2]					
State Employed	State Unemployed	State Total	State Unemploy-ment Rate	Public School Enrollment [3]	Motor Vehicles Registered [4]
334,550	14,300	348,850	4.1%	89,899	580,562
335,700	15,550	351,250	4.4%	90,606	582,685
337,100	17,650	354,750	5.0%	91,572	615,585
338,400	19,750	358,150	5.5%	90,289	615,608
337,500	21,900	359,400	6.1%	91,239	619,610
336,100	23,750	359,850	6.6%	92,572	583,813
338,250	16,650	354,900	4.7%	94,114	601,675
339,550	14,200	353,750	4.0%	95,481	619,459
343,850	13,150	357,000	3.7%	96,636	620,144
338,550	12,200	350,750	3.5%	98,361	617,476

STATE OF VERMONT
Statistical Section - Table 11
Demographic and Economic Information
Annual Average Non-Farm Employment by Industry
For the Years 2014 and 2005

	2014			2005		
	Employees	Rank	Percent of Total	Employees	Rank	Percent of Total
Total non-farm employment	334,500		100.0%	327,300		100.0%
Private total	278,600		83.3%	274,200		83.8%
Natural resources and mining	800		0.3%	800		0.2%
Construction	14,700	7	4.4%	16,900	7	5.2%
Durable goods	20,400	6	6.1%	26,400	4	8.1%
Nondurable goods	10,800	10	3.2%	10,400	10	3.2%
Wholesale trade	9,200		2.8%	10,100		3.1%
Retail trade	37,900	2	11.3%	40,500	2	12.4%
Transportation, warehousing and utilities	8,600		2.6%	8,900		2.7%
Information	4,800		1.4%	6,200		1.9%
Finance and insurance	9,100		2.7%	9,900		3.0%
Real estate and rental and leasing	3,100		0.9%	3,300		1.0%
Professional and technical services	13,800	8	4.1%	12,800	8	3.9%
Management of companies and enterprises	26,600	4	8.0%	21,900	6	6.7%
Administrative and waste services	10,700		3.2%	8,700		2.6%
Education services	13,100	9	3.9%	12,500	9	3.8%
Healthcare and social assistance	49,400	1	14.8%	41,700	1	12.7%
Arts, entertainment and recreation	4,300		1.3%	3,900		1.2%
Accomodations and food services	31,100	3	9.3%	29,300	3	9.0%
Other services, except public administration	10,200		3.0%	10,000		3.1%
Government total	55,900		16.7%	53,100		16.2%
Federal	6,700		2.0%	6,100		1.9%
State government education	9,400		2.8%	8,100		2.5%
Local government education	22,700	5	6.8%	22,300	5	6.8%
Other state government	9,600		2.9%	9,400		2.8%
Other local government	7,500		2.2%	7,200		2.2%

Source: Vermont Department of Labor, Labor Market Information, data release date March 17, 2015

Note - Data for specific businesses that comprise the top employers in the state is not available due to confidentiality regulations; thus information by industry is presented.

Totals may not add due to rounding.

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STATE OF VERMONT
Statistical Section - Table 12
Operating Information
Full-Time Equivalent State Government Employees by Function/Program
Last Ten Years

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government										
Agency of Administration[4, 5]	50	38	7	6	4	5	6	5	4	4
Auditor of Accounts	15	15	15	13	14	12	12	12	11	11
Buildings & General Services[4]	318	310	347	340	355	353	380	424	417	424
Finance & Management[5]	27	34	35	35	33	31	40	47	37	39
Executive (Governor's) Office	15	13	13	13	14	10	13	18	18	17
Green Mountain Care Board [2]	29	25	20	17	n/a	n/a	n/a	n/a	n/a	n/a
Information & Innovation	113	110	86	75	70	72	53	61	57	50
Libraries	22	26	26	25	26	26	29	32	31	34
Lieutenant Governor	2	2	2	2	2	2	2	2	2	2
Human Resources [1, 5]	71	85	87	73	72	37	47	51	59	57
State Treasurer	35	36	37	32	30	34	35	35	36	37
Taxes	161	157	153	157	159	155	169	181	176	183
Vermont Labor Relations Board	2	2	1	2	1	2	2	2	2	2
VOSHA Review Board	1	1	1	1	0	0	1	1	1	1
Protection to Persons and Property										
Agency of Agriculture, Food & Markets	99	95	94	90	85	83	90	98	96	95
Attorney General	77	77	77	73	73	69	69	71	69	72
Financial Regulation	101	101	112	105	107	107	109	110	108	105
Criminal Justice Training Council	10	11	11	10	9	7	12	10	10	10
Defender General	68	71	68	69	65	62	62	64	63	61
Enhanced 911 Board [2]	10	11	11	11	n/a	n/a	n/a	n/a	n/a	n/a
Liquor Control	49	50	50	50	52	51	54	56	54	56
Military	120	116	121	122	123	121	126	126	117	118
Public Safety	572	592	587	577	561	562	584	592	599	602
Public Service Department	47	49	46	49	55	53	50	50	52	49
Public Service Board	22	26	25	25	25	24	25	25	24	27
Secretary of State	64	66	67	64	61	63	63	52	52	51
State's Attorneys & Sheriffs	154	153	152	150	149	151	155	156	155	154
Vermont Human Rights Commission	5	5	5	5	5	5	5	5	5	5
Vermont Lottery Commission	21	21	18	20	20	20	21	19	18	19
Human Services										
Children & Families	1,088	990	977	935	944	918	970	960	947	941
Vermont Department of Health Access	187	180	154	124	116	89	91	93	79	65
Aging & Independent Living	268	274	275	269	254	251	279	298	288	275
Corrections	1,038	1,052	1,057	1,035	1,003	1,011	1,045	1,115	1,150	1,146
Health	489	476	472	458	441	439	484	525	753	749
Developmental and Mental Health Services [3]	234	225	171	140	235	243	233	237	n/a	n/a
Secretary of Human Services	136	108	109	104	93	106	98	99	95	89
Governor's Commission on Women	3	3	3	3	3	3	3	3	3	3
Veteran's Home (discrete component unit)	179	199	206	203	193	200	206	200	204	190
Employment & Training										
Department of Labor	261	261	261	266	271	286	276	277	276	281
General Education										
Agency of Education	150	150	159	156	151	156	181	184	194	196
Natural Resources										
Environmental Board	26	27	26	26	27	27	30	31	29	30
Environmental Conservation	294	282	268	259	250	250	262	283	285	286
Fish & Wildlife	134	136	127	125	124	122	126	130	124	119
Forsts, Parks & Recreation	102	102	101	99	98	98	108	114	113	113
Secretary of Natural Resources	31	35	32	33	30	39	52	59	56	58
Commerce & Community Development										
Agency of Commerce & Community Development	90	91	85	75	76	80	86	96	97	93
Transportation										
Agency of Transportation	1,228	1,238	1,254	1,222	1,190	1,216	1,233	1,253	1,255	1,242
	8,218	8,127	8,011	7,743	7,669	7,651	7,977	8,262	8,221	8,161

[1] Executive Order No. 01-10 consolidated human resource services statewide by transferring certain human resource positions within state government to the Department of Human Resources. The effective date of this consolidation was July 1, 2010.

[2] Effective in 2012, Acts 48 and 64 of 2011 Session established the Green Mountain Care Board and Enhanced 911 Board as a independent entities, respectively.

[3] The reduction in employees in 2012 is the result of the Vermont State Hospital in Waterbury being forced to close due to Tropical Storm Irene.

[4] In 2014, the Agency of Administration's Financial Services Division moved from the Dept. of Buildings & General Services to the Secretary of Administration's Office.

[5] In 2008, the Payroll Division within the Dept. of Human Resources transferred to the Dept. of Finance & Management. In 2015, a VTHR Operations division was was created in the Secretary of Administration's Office. The Payroll Division positions and additional positions from the Dept. of Human Resources were transferred from the Departments of Finance & Management and Human Resouces to the VTHR Operations division.

Source: Vermont Department of Human Resources - State of Vermont Workforce Report

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STATE OF VERMONT
Statistical Section - Table 13
Operating Information
Operating Indicators by Function
Last Ten Years

Function	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government										
Square feet of State owned facilities [1]	3,002,302	2,919,433	3,100,220	3,288,254	3,272,199	3,339,135	3,377,312	3,941,153	3,928,255	3,377,476
State Pension Plan membership [2]	49,787	48,630	47,547	46,577	45,936	45,507	45,354	44,947	44,015	43,171
Number of State employees (full-time and part-time) [3]	8,284	8,189	8,073	7,805	7,743	7,732	8,075	8,383	8,352	8,292
Protections to Persons and Property [4]										
Number of State Agency law enforcement officers	n/a	394	370	411	408	413	405	397	399	399
Number of Sheriff's Department law enforcement officers	n/a	124	129	122	114	136	122	117	119	132
Human Services [5]										
Total Corrections population	10,159	10,404	10,743	10,718	10,814	11,262	11,215	11,148	11,703	12,303
Immunization coverage, ages 19-35 months	n/a	72%	62%	63%	73%	64%	60%	65%	67%	75%
Bed nights in homeless shelters	153,361	141,778	122,893	154,129	133,355	130,939	120,464	100,473	112,715	98,786
Employment & Training [6]										
Number of Unemployment Compensation payments	n/a	255,447	284,585	321,624	390,035	499,360	629,794	374,278	318,235	304,612
General Education [7]										
Statewide average expenditure per student	17,993	17,351	16,621	16,024	15,789	15,475	14,903	14,076	13,287	12,624
Total local education agencies	n/a	339	344	345	346	348	349	352	352	353
Natural Resources										
Gallons of maple syrup produced [8]	1,390,000	1,350,000	1,480,000	750,000	1,140,000	890,000	920,000	700,000	450,000	460,000
Number of moose permit applications [9]	n/a	9,666	10,378	10,603	11,217	12,028	14,228	13,839	13,199	11,987
Commerce and Community Development										
Net change in employer businesses [10]	n/a	(47)	90	(71)	33	55	(38)	(126)	79	(19)
Median purchase price of a new home [11]	193,000	192,250	200,000	199,000	195,000	195,000	190,000	200,000	201,000	197,000
Number of skier visits [12]	4.8 Million	4.5 Million	4.5 Million	3.9 Million	4.4 Million	4.1 Million	4.0 Million	4.3 Million	3.8 Million	4.1 Million
Transportation [13]										
Total snowplowing hours	n/a	166,616	172,658	116,333	165,173	73,734	110,770	144,488	174,022	123,674
Structurally deficient bridges	n/a	65	72	85	91	107	178	190	192	197
Paving projects (miles)	n/a	230	195	208	156	330	145	109	113	122

n/a - Information not available at time of printing.

Sources:

[1] Vermont Department of Buildings & General Services, Space Book
[2] Vermont Office of the State Treasurer
[3] Vermont Department of Human Resources
[4] Vermont Department of Public Safety
[5] Vermont Agency of Human Services
[6] Vermont Department of Labor
[7] Vermont Department of Education
[8] US Department of Agriculture
[9] Vermont Agency of Natural Resources
[10] bls.gov
[11] Vermont Housing Finance Agency
[12] skivermont.com
[13] Vermont Agency of Transportation

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STATE OF VERMONT
Statistical Section - Table 14
Operating Information
Capital Asset Statistics by Function
Last Ten Years

Function	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government										
Department of Buildings & General Services										
Land holdings (acres)	2,499	2,499	2,752	2,807	2,809	2,809	2,875	2,924	2,924	2,916
State-owned space (square feet)	3,002,302	2,919,433	3,100,220	3,288,254	3,272,199	3,339,135	3,377,312	3,941,153	3,928,255	3,377,476
Protection to Persons and Property										
Number of state police vehicles	541	485	503	511	515	490	405	420	412	413
Number of armory locations	22	22	22	22	22	22	22	20	20	20
Number of agriculture research stations	33	32	34	29	31	30	31	28	27	25
Human Services										
Department of Health - Number of lab instruments (analyzer, module, counters, meters, etc.)	169	115	129	108	178	182	122	103	105	85
Department of Children and Families - number of vans	27	27	27	27	29	25	26	30	25	23
Department of Corrections - number of vehicles	-	-	1	-	-	-	2	3	11	11
Employment and Training										
Department of Labor - number of capitalized computer assets	19	16	16	12	14	17	19	19	10	29
General Education										
Agency of Education - number of capitalized computer assets	22	26	26	27	27	27	20	21	16	16
Natural Resources										
Number of dams	93	93	93	92	90	90	81	99	96	94
Agency of Natural Resources										
Number of vehicles	227	219	229	228	216	218	224	214	221	204
Number of building and improvement assets	484	476	471	459	452	442	429	441	430	423
Commerce and Community Development										
Number of historic sites	20	20	20	20	21	21	21	18	17	16
Number of covered bridges	7	7	7	7	7	7	7	6	6	7
Number of underwater preserves	100+	100+	100+	100+	100+	100+	100+	100+	100+	100+
Transportation										
Number of bridges over 20 feet	1,089	1,089	1,086	1,080	1,078	1,078	1,077	1,077	1,077	1,077
State highway miles	2,707	2,707	2,703	2,703	2,703	2,704	2,704	2,707	2,708	2,708
Agency of Transportation buildings (square feet)	1,334,339	1,327,397	1,361,017	1,361,017	1,349,017	1,328,717	1,326,407	1,307,415	1,289,171	1,250,673

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STATE OF VERMONT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

LEGEND OF ACRONYMS

Acronym	Description
AAL	Actuarial Accrued Liability
AD&D	Accidental Death and Dismemberment
AFC	Average Final Compensation
AHS	Agency of Human Services
ANFC	Aid to Needy Families With Children
AOC	Annual OPEB Cost
APC	Annual Pension Cost
ARC	Annual Required Contribution
ARRA	American Recovery and Reinvestment Act
BFS	Basic Financial Statements
CAFR	Comprehensive Annual Financial Report
CDAAC	Capital Debt Affordability Advisory Committee
CFTC	Commodity Futures Trading Commission
CMO's	Collateralized Mortgage Obligations
CMS	Center for Medicaid and Medicare Services
COLA	Cost of Living Adjustment
CPI	Consumer Price Index
DII	Department of Information and Innovation
DVHA	Department of Vermont Health Access
EAN	Entry Age Normal
EAP	Employee Assistance Program
EGWP	Employer Group Waiver Plan
FAP	Financial Access Program
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FEMA	Federal Emergency Management Agency
FHWA	Federal Highway Administration
FICA	Federal Insurance Contributions Act
FIL	Frozen Initial Liability
FSA	Flexible Spending Account
FTA	Federal Transit Administration
FX	Foreign Exchange
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association of the United States and Canada
GIS	Geographic Information Systems
HMO	Health Maintenance Organization
HR	Human Resources
IBNR	Incurred But Not Reported
ICMA-RC	International City/County Management Association - Retirement Corporation
ISDA	International Swaps and Deriviatives Association
IT	Information Technology

See Independent Auditor's Report

STATE OF VERMONT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

LEGEND OF ACRONYMS

Acronym	Description
MD&A	Management's Discussion and Analysis
MERS	Vermont Municipal Employees Retirement System
MIP	Mortgage Insurance Program
MMA	Medicare, Prescription Drug, Improvement, and Modernization Act of 2003
NAICS	North American Industry Classification System
NOO	Net OPEB Obligation
NPL	Net Pension Liability
NPO	Net Pension Obligation
OPEB	Other Post Employment Benefits
OTC	Over The Counter
PAC	Planned Amortization Classes
PRO	Pollution Remediation Obligation
RHS	Retirement Health Savings
RSI	Required Supplementary Information
RTHMB	Retired Teachers' Medical and Health Benefits Fund
S&P	Standard & Poor's
SDIA	Single Deposit Investment Account
SIB	State Infrastructure Bank
SIR	Self-insured Retention
STC	Standard Terms and Conditions
STRS	State Teachers Retirement System
UAAL	Unfunded Actuarial Accrued Liability
USD	United States Dollar
USEPA	United States Environmental Protection Agency
UTF	Unemployment Trust Fund
UVM	University of Vermont and State Agricultural College
V.S.A.	Vermont Statutes Annotated
VCGI	Vermont Center for Geographic Information
VEDA	Vermont Economic Development Authority
VEHBFA	Vermont Educational and Health Buildings Financing Agency
VEHI	Vermont Education Health Initiative
VHC	Vermont Health Connect
VHCB	Vermont Housing and Conservation Board
VHFA	Vermont Housing Finance Agency
VITL	Vermont Information Technology Leaders, Inc.
VMBB	Vermont Municipal Bond Bank
VPIC	Vermont Pension Investment Committee
VSAC	Vermont Student Assistance Corporation
VSC	Vermont State College System
VSECU	Vermont State Employees' Credit Union
VSJF	Vermont Sustainable Jobs Fund, Inc.
VSPB	Vermont State Postemployment Benefits Trust Fund
VSRS	Vermont State Retirement System
VTA	Vermont Transportation Authority
VTHR	Vermont Human Resources